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# West Europe Report

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## BRIEFS

DEMONSTRATIONS AGAINST TNF, NEUTRON BOMB--Rotterdam, August 17--About 2,000 people took part in a peaceful demonstration in the city centre here on Saturday in protest against North Atlantic Treaty Organisation (Nato) plans to deploy new nuclear missiles in western Europe, police said. The demonstration, organised by the Dutch 'Stop the neutron bomb' organisation and the Inter-Church Peace Council (IKV), also protested against the recent United States decision to produce and stockpile neutron warheads. The Netherlands is due to decide in December whether to accept 48 U.S. nuclear missiles as part of a batch of 572 cruise and Pershing-II missiles for western Europe under a 1979 Nato decision. The Dutch government earlier this year endorsed a parliamentary vote rejecting the neutron warhead and voiced objections to the U.S. decision at a Nato meeting in Brussels last Monday. Rotterdam Mayor Andre van der Louw launched a 'cruise against cruise' protest against cruise missiles and neutron warheads on Saturday. The mayor cast off the mooring ropes of five ships with about 100 demonstrators on board which will cruise for 10 days on Dutch inland waterways in a nuclear weapons protest campaign. [Text] [The Hague ANP NEWS BULLETIN in English 17 Aug 81 p 11]

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## COST GAP TO INCREASE BETWEEN COAL, NUCLEAR ENERGY SOURCES

Bonn DIE WELT in German 13 Jul 81 p 9

[Article by Heinz Heck: "Power From Coal To Be Twice as Expensive as Nuclear Power by 1990?"]

[Text] The cost advantage of nuclear energy over power from hard coal is becoming larger and larger. This was demonstrated once again by an investigation of the Energy Economics Institute at the University of Cologne which was done on behalf of the Bonn economics ministry and which updated a study done in 1977/78. It is being published this week in ZEITSCHRIFT FÜR ENERGIEWIRTSCHAFT.

Despite the "considerable increase in construction costs" which has occurred in the last 3 or 4 years, "above all for nuclear power plants, still the cost differential in favor of nuclear power generation has even enlarged," the study says in its summing up. For plants going into operation towards the end of the decade, the cost advantage of nuclear energy is now estimated at 4 pfennigs per kilowatt-hour (kWh) in the base-load range (that is, for power plants which operate around the clock), compared to the most favorable assumptions for hard-coal use (imported coal). If one does the calculations using German hard coal and with "relatively optimistic assumptions" about the future price developments, then a difference of as much as 8 pfennigs per kWh is obtained.

The "essential causes" of this are seen by the authors of the Cologne study to lie in the fact that in recent years the price for German as well as imported coal "has risen considerably" also, and that for the future one should expect further price increases, "whereas by far the largest part of the nuclear power-generation costs no longer rise further after the construction of the plant."

In the nuclear power plant, fuel costs are of secondary importance (because it is a capital-intensive power generation), so that changes in the price of uranium (which in recent years has even seen a price decline in real-value terms) play nowhere near the same role as that of the coal price (fuel-intensive generation in the coal-fired power plant).

This accounts for the fact that the drastic increase in hard-coal prices occurring since 1977 has alone raised power-generation costs by about 3.5 pfennigs/kWh. In the opinion of the authors, these figures show "the fundamental importance of changes in the hard-coal price to the costs of power generation in hard-coal power plants and the relationship of their costs to those of nuclear energy." An increase in the rate of growth of the hard-coal price from 5 to 6 percent per year would raise by itself the power-generation costs by 2.9 pfennigs/kWh.

Even more disquieting for the coal industry is the concluding remarks of the study: "If and only if it is possible to limit the rise in the hard-coal price, we can expect hard coal to be able to compete with nuclear energy--at least in the intermediate-load range."

Up to now it has been a part of the assured lore that nuclear energy has its cost advantage in the base-load region, whereas coal is more advantageous in the intermediate-load range. The study shows on the contrary that nuclear energy is the undisputed champion down to about 3,500 operating hours. Whereas from this point on, low-priced imported coal does show an advantage, for German hard coal the cost equality does not appear until below 3,000 operating hours. Thus even in its former domain, that of the intermediate load, coal has taken quite a beating.

Furthermore: If coal prices start to adapt themselves more to oil-price developments (assuming a 4-percent rise for domestic coal and 6 percent for imported coal annually up to 1990), then the cost differences will come to more than 16 pfennigs/kWh. With that, power from German hard coal would be almost twice as expensive as nuclear power.

The largest unit sizes built today were taken as a basis in each case for the cost comparison: Two hard-coal units of 675 megawatts (MW) each, and one 1,255-MW nuclear power plant. Subsidizing was not taken into account. On the other hand, all the costs of the nuclear fuel cycle (including financing costs)--from the uranium procurement to the final storage of radioactive wastes and the closure of the nuclear power plant--were included in the calculation. In the case of the hard-coal power plant, a 100-percent desulfurization of the flue-gas volume was assumed.

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## APARTMENTS WITH SOLAR HEATING PLANNED

Athens I KATHIMERINI in Greek 1 Aug 81 p 7

[Text] The Workers' Housing Organization [OEK] will build at Lykovrysi of Attiki a model 435 solar energy-using unit settlement on the basis of a Greek-German agreement for cooperation, technology and research. The agreement was signed yesterday at the Labor Ministry by Minister without portfolio St. Dimas, Labor Minister K. Laskaris and German Ambassador Helmut Zieglist (transliteration).

The objective of the model settlement is to save energy through proper designing of insulation systems and the use of solar energy for its needs. The project, unique in the world as far as size and implementation of energy-saving systems are concerned, will put Greece in the group of pioneers in energy-saving systems in general and solar applications in particular.

The importance of the project was emphasized by both Greek ministers and the German ambassador. Before signing the agreement Laskaris expressed the pleasure of the Greek government for the successful negotiations with the West German Ministry of Technology and Research and pointed out the special importance of the project which, he said, is a model of solar energy use application as well as of other modern methods in heat insulation. He particularly emphasized that this project assumes greater importance because it will accommodate the working people. He added that bids for the project will be asked in August and that work will start by the end of the year. The project is expected to be completed within 30 months.

The settlement will have a central market, an information center for inquiries on solar energy, a hall for various uses and a library, cafeteria and amusements parks in every neighborhood. In the meantime, studies are being completed for the construction of a kindergarten, a 6-grade public school, athletic facilities and a center for working girls.

The German ambassador also expressed his pleasure at the success of the efforts for such a project through the signing of the agreement. Dimas, on the other hand, thanked the German government for its cooperation and its technological and financial assistance. He said that the project will cost about 2 billion drachmas, 1.1 billion of which will be provided by OEK and the remaining 900 million by the German government (600 million) and the [Greek] Ministry of Coordination (300 million drachmas). Dimas also said that the energy to be saved will reach 90 percent compared to present consumption.



## FINANCE MINISTER ON BUDGET DEFICIT, FOREIGN DEBT

Brussels KNACK in Dutch 8 Jul 81 pp 16-20

[Report on interview with Finance Minister Robert Vandeputte by reporters Frans Verleyen and Johan Struye: "The Regent of the Monetary System -- Vandeputte Sees Great Deal of Shadow But Also Light"; date and place of interview not given]

[Text] We asked Professor Dr Robert Vandeputte, currently minister of finance of the kingdom, fewer questions concerning figures than concerning wider judgements about the regime. Indeed, few people have managed in a single lifespan of numerous careers to gather so much knowledge: president of the National Company for Credit to Industry for a quarter of a century, the Flanders' first governor of the National Bank for 4 years, professor emeritus at the University of Louvain, 73 years old and uncommonly alert. Since 1944, not a week has gone by when he did not, for official reasons, visit the room which 3 months ago unexpectedly became his own chamber. Which does not mean that this senior civil servant, who came from sturdy Antwerp bourgeois stock, did not have any business in the Department of Finance earlier on. But during the occupation years, Secretary General Flisnier remained in his own workroom in the back of Rue de la Loi, number 12.

Few ministers in the world will have taught their prime minister as a baby to ride horsie on their knee, as Robert Vandeputte did at the home of his boyhood friend Gaston Eyskens in Louvain. Five finance ministers of recent years were former students of the current office holder, who for 45 years was a professor in the Law School. Anyone who no longer thinks much of the state's finances, can still find some comfort in a talk with the minister. Here is the last of the invincible regents, who does not change his tack because of one bankruptcy more or less, a distracting unemployment figure or a parade of billions of francs. Nothing is so bad that it could not, in time, be righted. If we but want to, and not shrink back from hard solutions.

## Hardware

The young Robert Vandeputte began his public career as secretary to Minister Gustaaf Sap, owner of DE STANDAARD. In 1944, he managed to save the title for the heirs of his late boss. He helped son-in-law Albert De Smaele publish the newspaper with a never ceasing flood of contributions. When Vandeputte became governor of the National Bank in the early seventies, he stopped making contributions for ethical reasons. But he had no sooner ceased to be governor in 1976, than he had to save the life of DE STANDAARD for the second time. And the professor stopped for a second time publishing his pieces in this newspaper, again for ethical reasons, only when



Prime Minister Mark Eyskens briefly asked him on 6 April last to join his administration as an extra-parliamentary member. After 40 years of marriage, Vandeputte did not even get the time to consult his wife beforehand. So, he immediately said yes, and after having been minister for 3 months he received us with quiet combativeness. As a surprised outsider.

Question: Have you, based on your lengthy experience, noticed any specific characteristics in the development of the country's policy, on the basis of which a moral judgement could be formulated? Are things going better or less well than you had expected?

Robert Vandeputte: Did I get confirmation of what I knew? /Yes/ [in italics]. It has become even more pronounced. There are characteristics which in reality go even further than what I thought I knew, specifically that there is little the government can do anymore. With four parties it is difficult to reach unity. We lose a vast amount of time because the concerns of those gentlemen in the inner cabinet often run in different directions. I know that the need for popularity is inherent in democracy, but the first concern often seems to be what the voters will think of this or that measure, how they will react. What is popular, what isn't? This paralyzes the democratic system. There is a lack of authority ...

Question: Are you experiencing the conflict between the technocrat and democracy?

Vandeputte: ... Even though I want to say in favor of the politicians that they are all hard workers, and realists. They have both feet on firm ground. They manage to separate major points out of a bundle with surprising speed. Even though all of them have a 100 percent political mentality, I admire their capacity to understand technical data. Even about the most complex fiscal problem you cannot fool them. But the electoral concerns are among the reasons for the wretched condition of the public finances. If it is a matter of spending money in order to look better in the eyes of the voters, then it is done. They do understand it when the minister of finance complains that this year's deficit will run up to 240 billion francs, but there is no reaction. That is disappointing.

Question: Don't they believe you or are they cynical?

Vandeputte: The problem lies in their priorities. The first priority is the voter. It seems to me as if they are simply hoping that those figures will turn out all right in the end, as they have been doing year in year out.

Question: And yet, gradually now a feeling of panic is growing ...

Vandeputte: That is precisely what I am trying to arouse. I consider it my duty to tell people the truth.

Question: Have you ever experienced a period like this before?

Vandeputte: No, the current situation is by far the worst since the liberation.

Question: The thirties perhaps?

Vandeputte: The public finance deficit was /not/ [in italics] like now. The deficit on current foreign payments was /not/ [in italics] like now. Unemployment was /indeed/ [in italics] very high. At that time, the characteristics of the crisis were the same in our country as elsewhere. But now, we are definitely /worse/ [in italics] off than the others. Unemployment, the budget, the current foreign debt. In those areas, we are now worse off than the remainder of the industrialized world. For the time being, the evolution of our inflation is the only favorable point left. But, when adding the needs of the municipalities and the para-statal organizations, the 500 billion franc deficit in our public finances is, broadly speaking, an /awful/ [in italics] figure. This year, one-fifth of the current expenditures of the state are /not/ [in italics] covered, except by loans.

Question: When will the hour of truth strike? According to the latest calculations of the CVP [Social Christian Party] research center, we will soon need more money than it will be possible to borrow.

Vandeputte: As a technician, I would like to note that the international market disposes of substantial capital, among others from the oil producing countries. This money flows through everywhere, to London and the United States, so that, at the international level, the banks are looking for clients. They are /searching/ [in italics] for debtors. This is what the Belgian state is living on at the moment. In the past, they have already accepted numerous borrowers from little and less developed countries. Brazil, for example, is very heavily indebted. So, when they hear that a country like Belgium, which 2 years ago did not yet have a foreign debt, also wants to borrow, then they will be attracted by that opportunity. Belgium would be a better debtor. True, we run the risk that this favorable reaction will not last as the pace of our indebtedness continues to build and we remain powerless with regard to our public finances. Alas, my people are busy the whole day long now with borrowing on the foreign market. They are doing this in a very capable and sound manner, taking into account the interests of the community, but this must come to an end some time. You have to be able to meet the interest and the due dates. The figures needed to reach a certain balance have to be shifted so much now that one must ask the question of how this can go on. In any case, this can only happen gradually. Recovery can no longer happen in one stroke; that is impossible.

Question: The people are wondering how it could have come so far. Where does all that money go? Even the prognoses appear to be somewhat worthless. The February and March figures have already been overtaken, both on the side of incomes and of expenditures. A budget is prepared with an expected deficit of 90 billion francs, which suddenly turns into 240 billion. What on earth is going on?

Vandeputte: The explanation is twofold. First of all, were those figures right?

Question: Hatry's figures from last summer?

Vandeputte: My first duty is to watch for this. The 1982 budget will be prepared /truthfully/ [in italics]. Because it isn't even worth preparing a budget, if it is falsified. The offices are working on this now. I want to publish the truth. If there is to be a substantial deficit, then everyone will see it. A second reason for the wild growth of the deficit is the fact that the recession may well have hit us more deeply than had been anticipated in the summer of last year. Indeed, the first period of 1980 had been a very good period.

Question: There is hope for you; a remarkable recovery is supposed to take place in 1982. A net growth of approximately 3 percent.

Vandeputte: Shht! It is true that some economists are anticipating some relief for next year. Let us make a few comments about this. First of all, their predictions are not the same for all countries, and we really do not belong to the countries for which their predictions are favorable. I am afraid that even under the best circumstances it will not produce anything more than a certain arrest of our decline. Well, if this continues, slowly and with a limited scope, then it may be possible that in preparing the budget we could expect the approximate maintenance of the situation as it is, with the expectation of a slight improvement.

Question: We are now 3 months away from the period of the Martens IV, III, II and I administrations. Did the change-over serve any purpose? Do you notice any technical or political change?

Vandeputte: Not much has changed because the country doesn't want to change. One can only produce change through /collective/ [*in italics*] retrenchment. This does not mean that you should not hit the high incomes more, because that is the normal way to do things, but you don't achieve anything if you don't hit the masses. The figures prove that you have to get it from the masses, otherwise you don't obtain any results. People don't understand this, or they apparently don't want to understand this.

Question: It is the masses who provide the receipts?

Vandeputte: All calculations bear out that you have to get a certain percentage from so many millions of the population in order to achieve any results. If you address yourself to a limited class, then that class will be hard hit, it is true, but you have nothing in your hands. And the way I see it, our people, represented by their structures as they are ...

Question: Do you make a distinction?

Vandeputte: I'm about to make my point. In their structures as they are, our people do not want to hear about the dismal situation we are in, and about the recovery measures we have to take. But I want to make a correction here, a very personal point of view. If we could go directly and massively to the small man, as I have known him for years, if we could go to the ordinary and balanced Fleming, and say: look, you will have to admit, because you are honest, that in recent years your standard of living has improved considerably, and together with you we are happy about that, but for now that cannot continue any longer, because you have to understand the business with the oil and all those other reasons, including because we have been liberal with all kinds of promises, then you have the feeling that this small man in the Flanders would /understand/ [*in italics*] this. To get matters back on an even keel, he would accept the fact that for a few months his income will have to be reduced by 7 or 10 percent, as long as we do our best and keep his effort in mind, and then make the effort to restore the balance through serious management. One of our tragedies lies in the fact that we cannot express this, that we cannot make that contact. Or am I being too idealistic?

Question: Would you like to say it like that in the parish halls?

Vandeputte: With pleasure; I think that would be great. I would like to go tell people things in all truthfulness, without the slightest lie, just as I feel it: /do we agree, are we going to do it together/ [*in italics*]?

Question: Your career has not been badly rewarded, you are undoubtedly one of the most prosperous citizens in this country. Don't you find it touching that you have to plead this case from such a serious sociological position?

Vandeputte: Indeed, I have had good salaries and I have a good pension.

Question: We have learned by chance that you are minister without pay, that you do not receive a salary here for this heavy work. Can we publish that?

Vandeputte: If you find that interesting, why not? It is the truth. You know that soon all pensions will be severely reduced, that all of us will be reduced to the pension of a secretary general. But that will not change my way of life. All my life I have worked so hard, and I am still doing so, that I have no time to use up money.

Question: Considering the ministerial salary that you have declined, the fact that your government pension is no longer indexed and in the new year will be reduced to 126,000 francs per month, you must have the largest income reduction in the country. But now everyone is going to feel it. The formula will be applied via Maribel. You noted a discrepancy between the citizens who might be more approachable with regard to the concerns of the state, and their structures with which you have to negotiate politically. You see this as a task of persuasion for the government. But don't those citizens already see technocratic mistakes being made with Maribel? By driving up fuel taxes, the state will definitely receive less because consumption is strongly discouraged.

Vandeputte: But precisely one of the major advantages we are aiming for here is to have people drive their car less. That is good for our balance with foreign countries. And we are obtaining results; every day less gasoline is being consumed. That was more than necessary. The 200 billion franc deficit in our current foreign debt is an awful amount that we have to borrow. Obviously, the situation would be thoroughly changed if we had no oil account, but upon reflection, even then we would still have an imbalance. However, what I regret primarily is the total lack of industrial initiatives.

Question: You once wrote that you loaned up to 2 billion francs per month for industrial establishments, when you were president of the NMKN [National Company for Credit to Industry]. What has become so different then in so few years? After all, a moderation has taken place in the facts of social life. Indeed, wages are still going up nominally, but in net terms they hardly do.

Vandeputte: Actually, they do -- but you are making an important distinction. Even in recent months, the real wage burden has gone up about 2 percent for the enterprises, but the worker himself as a matter of fact did not see any of it. That is the whole problem of extra-fiscal matters.

Question: And now, via Maribel, you are still going to nibble at the net purchasing power, which is after all demand producing.



Vandeputte: I am convinced that we will not be able to escape a retrenchment. This does not need to be painful, but gradual. The people will not need to do without those things which they need, with some comfort, but the standard of living of the whole population */must/* [in italics] and */will/* [in italics] be reduced. In order or in disorder. Once again, I have been compelled to admire the reaction of the Dutch. A few weeks prior to the elections, the government published a plan for gradual wage reductions. It did this because it was aware of the fact that the people accepted this, which was proven by the elections. Seen from Belgium, this seems like a dream. Our tragedy is that we cannot sell our people the truth. Either they think that it is impossible, or they don't want it.

Question: Did we once again stumble into a period of devaluation?

Vandeputte: There is pressure on the franc, but devaluation is another matter altogether.

Question: How do we, in our Italian situation, consistently manage to escape devaluation?

Vandeputte: Because we still have some ammunition left.

Question: Our gold?

Vandeputte: Actually, our gold has already been indirectly pawned by the amounts we have borrowed. But the fact is that we can still borrow and that, consequently, we are still able to resist. The National Bank is constantly selling francs backed by foreign currency, which it either has or borrows. As a matter of fact, that is something new. Possibilities for borrowing have become greater than they used to be, and consequently so have the means to defend a currency.

Question: How expensive is it for us to borrow now?

Vandeputte: Less in yens, more in dollars. It depends on the time and on the market you are on. We try to remain within the area of 13 to 14 percent. Our people are very choosy about what is being offered; they still have that margin.

Question: There are circles within Flemish industry which are not at all hesitant about a devaluation.

Vandeputte: However, I fully agree with the reasoning of the National Bank and of the political circles, of the current as well as of the previous administration, which are not asking for a devaluation. The very temporary broadening of our export possibilities would be quickly eliminated by the indexing of the wages.

Question: But if that indexing could be loosened?

Vandeputte: That would, of course, substantially alter the problem. However, there is a pronounced tendency in the world today */not/* [in italics] to devalue, in contrast with the period before the war. At that time, there was virtually a competition to devalue, to be able to export. Of course, little systematic indexing existed then.

Question: After so much deficit spending, it is not really right that we should still enjoy such a low level of inflation.

Vandeputte: To the degree that originally the deficit was being eliminated through loans from abroad, inflation remained limited. What the people gained was not consumed, but transferred to the state in the form of loans. The state consumed and what it spent was acquired. Another factor which contributes to our low rate of inflation is the fact that the monetary mass, which is paid so much attention in some big countries, increases so little in our country. That is, to a certain extent, a deflationary effect. Those things which can have an inflationary effect are our loans from abroad. In contrast with the Americans, the Germans and the British, who virtually base their whole policy on that item, the National Bank has never given very much importance to the monetary mass. Today, it looks as if, from a national point of view, it is being proven right.

Question: Next year, the non-compressible legally indexed expenditures of the state will amount to 880 billion francs. You are also already faced with more payments than the 200 to 300 billion francs left over for you to conduct politics with. Can this state continue to borrow with the enormous personnel costs for 864,000 people in the government service -- or 1 out of every 4 individuals among the active population -- which stereotypes your budget? Will this not lead to an emergency situation, similar to the one in the thirties, when the wages will have to be reduced?

Vandeputte: However, the most important item is not remunerations; even the increase is taking place relatively slowly. However, this does not eliminate the reasonableness of the question of whether the salaries of the civil servants should not be reduced in any case, as in the Netherlands. If we are going to require an effort by the whole population, then we will of course also require it from the civil servants, who are rather secure in comparison with the other occupational groups.

Question: Has the issue been raised at the political level?

Vandeputte: No. However, if we are looking for possibilities, then it cannot be excluded. They will of course protest, as all the population groups do. There is no group in the population which does not protest. But the ministers are powerless; they cannot work against the population.

Question: Couldn't the government be a little more careful? Because of the diesel questions, numerous small enterprises will now have to go to the dogs. From one day to the next, gasoline distribution at the frontiers slid into bankruptcy. Isn't this a useless policy?

Vandeputte: They are obviously the victims of the overall Maribel operation. Such an operation cannot be carried out without inevitably landing some blows. However, we have to see where our greatest advantages are, with the least disadvantages. The transportation sector has been ill for years; of course, it did not improve with this measure. But that does not mean that no weighing was taking place. I appeared at least six times before the government with my indirect taxes. Because what did we have to take into account? First of all, the index was not supposed to go up. Thirty billion francs had to be produced. Not a single measure was supposed to stimulate imports. Didn't the small man get hit more than the well-off one? Those four issues remained constantly in the mind of the offices. We worked all that out together with the index experts from the Ministry of Economic Affairs.

Question: In your experience, will Belgian democracy be able to sustain these problems much longer? With the sorrow of the steel question it was already said that the pitiful end of the political system was in sight.

Vandeputte: Therefore I am also pessimistic; the development causes concern. Democracy is functioning badly because there is no authority. A right to make decisions must exist within the collectivity.

Question: Did you ever experience a similar panic with regard to democracy in the past, in the thirties?

Vandeputte: That period was something else again though. What I lament now is the climate. People here take off all together on their vacations abroad, with foreign currency which we have to borrow piece by piece. But nobody cares anything about this at all.

Question: Do the Flemish people now have to be saddled with a debt of 200 or 300 billion francs for the coming generations, as a tax liability for the steel from Wallonia? Do you have a final historic judgement on this?

Vandeputte: The steel problem is a tragic one due to its size, due to the economic interests involved, including the Flanders, but primarily due to the uncertainty of the final result. To spend a great deal of money when you see a serious chance of making it through, that can be done. But to spend a great deal of money, and we /must/ [in italics] do it, in uncertainty because for the time being we cannot do anything else or we would cause bankruptcy all over the country, that is sad. Naturally, the matter was once again politicized far too much. The declarations were going in another direction, but take a look at reality. An efficient management would be put into place, the public sector would show what it is capable of. Alas, this was not confirmed in the distributions and the appointments. They aimed for popularity, for the establishment of influences and the placement of people.

Question: What does the minister think of his crisis loan? Is this the big one?

Vandeputte: I have never assumed a figure of 100 billion francs. I only answered that 100 billion would be considered a /big/ [in italics] success. It turned out to be 78 billion francs: rounded off, 55 billion in the first part and 22 billion in the second. In the second part, the institutional investors have obviously not subscribed in the manner we had anticipated. Even the tax deductability did not excessively attract them. Perhaps they do not earn enough. A tax relief will improve your situation only if you are already making a profit. But the 55 billion francs in /new/ [in italics] money on the part of the people in the first part is simply a unique event in the financial history of this country. A real success. The element in the formula which seems to have most attracted savers is the exemption from inheritance taxes. One occasionally hears old people complain that their children no longer care about them, but here it appears that parents signed up in large numbers for something they could leave their children free of tax.

Question: Are we going to make it?

Vandeputte: I would put it differently, we /must/ [in italics] make it. But you know what is very valuable to me, is the desire to work of the Belgians, of the Walloons and of the Flemish. That is a large economic value.



## UNEMPLOYMENT, ECONOMIC DEVELOPMENTS ANALYZED

Nicosia I SIMERINI in Greek 12 Jul 81 p 5

[Article by Dr. A. Petasis: "Unemployment and Anticipated Developments"]

## [Text] Unemployment

The recent predictions about unemployment and price index levels are disturbing. They cause a degree of anguish about a possible drop in the standard of living of the working people especially those in the middle and low income classes. Despite all the reassuring official announcements, working people and employers have fears about our immediate economic future. The decision of certain enterprises to reduce their personnel or to put an end to new hirings is an obvious cause [for such fears]. Being aware of future difficulties, many working people have recently proposed relatively reasonable demands for renewing their contracts while the employers at every opportunity are explaining to their personnel the problems they anticipate facing.

It is a fact that, especially in certain sectors of the economy, unemployment is relatively low while in certain professions and trades there is a shortage of personnel such as accountants, computer programmers, cleaning women, etc. However, the indications for the future are not encouraging for the following reasons: The confidence of investors is to some degree shaken; the continued significant price increases and the chain increases in daily wages as well as other costs are shaking the confidence of certain businesses; inflation has negatively affected every home and its impact is now being felt by large enterprises also; the economic, psychological and social repercussions will be serious if in the near future we have [increased] unemployment.

The most optimistic observers of developments see a period of recession while others speak about an impending crisis. Some time ago, the difference between recession and crisis was characterized as follows: "There is a recession when a neighbor loses his job. A crisis begins when he remains jobless."

Certain trade unionists are concerned because unemployment is increasing and it may be used as a tool against the interests of the working people. Others fear that the increasing unemployment could be used as a measure for fighting inflation. Such a method of course is socially unacceptable and its chance for success is small. Before the price index drops lightly there should be a disproportionately high degree of unemployment for a long period of time. A recent study made in

the United States claims that for inflation to drop from 11 percent to 9 percent the unemployment level should remain at 8 percent for 3 years. Undoubtedly, few agents of labor policy would like to use such an inhumanitarian measure in view of its relatively low effectiveness. Since many employers have already started a gradual reduction of their working force and are not replacing retired persons, many syndicalists asked this year that the employers increase the separation compensation to surplus personnel in the event of its release. In addition, the released persons will receive benefits from the state fund [for unemployed].

We do not think that the unemployment developments and especially that of surplus personnel will fare well under certain preconditions. For this reason it is imperative that measures be taken to control such a development in order to avoid a negative impact.

A glance around us will show that many European countries are today suffering from the scourge of unemployment and inflation. Without doubt we would not want to have such experiences since the impact would be relatively severe because of our limited resources. The European countries have reserves of great economic strength and a social foundation which is able to endure such kind of pressures. In England the reactions have reached such a peak that some time ago more than 50,000 persons held a march in protest of unemployment. The level of unemployment is the highest since the 1980 crisis. The number of unemployed is nearly 3 million. Since the countries with which we trade most are facing such problems, we should take protective measures immediately.

#### Economic Factors

In our case, the future [unemployment] development will depend on the behavior of certain economic factors. Our aim is not to analyze such factors since the specialists have already dealt with them in detail. We will simply mention them in order to put the question of unemployment in proper perspective.

1. EXPORTS. Unfortunately, certain sectors of our economy have started experiencing difficulties which have a serious impact on the level of employment. Particularly problematical are the exports of farm products. An example: The problem of exporting wine products continues and no long-term solution has been found yet. The Common Market restrictions have accentuated this problem. The repercussions to the vine growers and the wine industry are unfavorable and the continually increasing competition may worsen future developments. The European countries are intensifying their efforts to become more competitive in exports and at the same time to reduce their imports in view of their economic problems.

2. TOURISM. Much has been invested in the effort to attract tourists to our island. It can be said that our economy is more and more oriented toward tourism. The tourist facilities are increasing at a rate faster than the corresponding increase in the tourist wave. In the first 5 months of 1981 tourism increased by 22 percent with Swedish tourists leading the rate of increase. It is estimated that this year Cyprus may attract 400,000 tourists and the income in foreign exchange will exceed 90 million pounds. However, despite all encouraging givens our system has serious shortcomings. An example: About 30 percent of our tourists come from England which is in economic straits. Also, since our tourism is seasonal, it is natural to have a corresponding seasonal unemployment, while the recent revelation that no central agency for implementing tourist policy exists is very worrisome.

3. INFLATION. The price increase rate is significant--about 13 percent in 1980. The impact on our competitiveness is great. With the daily wages of the working people interconnected with the cost of living, each price index increase automatically increases the labor costs. This, however, is only one facet which is difficult to change. The working man depends on the above cost of living wages relation for some security for his threatened standard of living. It is reported that an effort is being made to partially break up this "price index-daily wage" relation. If this happens, it is certain that the labor peace will be shaken with dramatic economic and social consequences.

4. POLITICAL DEVELOPMENTS. On a long-term basis the most important factor in employment progress should be the developments in our political affairs and particularly the progress of the inter-Cypriot talks. The indications at present are not encouraging. No progress has been made despite the fact that a great number of meetings have taken place. As soon as the talks resumed, the index of the average confidence of foreign investors in our country increased from 36.6 to 36.8 (International Investor) as a slight positive reaction to the talks. A high index is proof of the confidence of foreign investors with the result that foreign borrowing becomes easier and under favorable terms. But the index is sensitive to political developments. An example: The most negative index changes were noted in countries which are experiencing turmoil and problems such as Iran, Iraq, Poland, Syria, Uganda, etc.

#### Unemployment Manifestation

In Cyprus, unemployment could be manifested soon in two forms:

1. In the lack of work for persons entering the labor market for the first time such as the graduates of universities and higher education schools, the graduates of secondary education schools and the young men who are released from the national Guard. We believe that all these classes may face problems in finding work. It is certain that the graduates in classical studies will face serious obstacles. Many are underemployed during the daytime or are working at jobs unrelated to their professions. Those ex-national guardsmen who accept manual work will not meet the difficulties of those who will insist on finding office positions.

2. SURPLUS LABOR FORCE. If the economic condition of certain enterprises does not improve there may soon be surplus personnel. Events may force many companies to take the painful measure of releasing employees, a fact which will affect the overall unemployment percentage. The impact will be severe on the working persons as well as on the employers and the society in which we live. If in the end the predictions do come true and unemployment increases, we should be prepared to cope with this unpleasant phenomenon. It could be said, of course, that a country which effectively solved the unemployment problem right after the Turkish invasion should now be in a position to solve such relatively smaller problems. But the present conditions are different and the problem should be approached carefully. It is not right to ask the working people to make concessions once again as they did in 1974. It is certain that they will not accept such a request. Once George Bernard Shaw said that "we are becoming wiser not by the recollections of the past but by the responsibilities of the future." Unfortunately, however, it does without saying that a bad handling of the problem will have a negative impact on the morale of the rest of the personnel, as well as bad public relations and, in the last analysis, will act as a deterrent factor in the reactivation of the enterprise.



## Thoughts on Future Managements

We believe that the following thoughts should be studied with an aim at avoiding massive layoffs. We make recommendations on the overall economic policy in order to supplement the inter-organisational measures which, moreover, is the main objective of this study.

1. OVERALL ECONOMIC POLICY. The exports sector must be strengthened with a special emphasis on our relations with the Common Market. It is imperative to continue the efforts for further market concessions despite the serious political obstacles which have already been announced to us. Also, as concerns our exports, it is not necessary to overemphasize the factors of quality and competitive prices and therefore our obligation as a condition for success. Our performance in 1980 when we exported merchandise valued at 172.3 million pounds can be improved. The increase in our exports was only 15.8 percent compared to 26 percent in 1979. At the same time, the imports of many products domestically produced can be reduced. Last year our imports reached 381.5 million pounds marking an increase of 18.8 percent. [Such reduction] will not only increase the consumption of Cypriot products, it will also help employment and the balance of payments. A precondition for achieving this goal is to strengthen competition and protect the consumer from cheap products.

Priority must be given to reducing the level of inflation. The rate of investment activity and competition depend to a large extent on the "inflation" factor. We recommend the following measures:

a. An effective management on a selective basis in the sector of demand and particularly in the sector of consumption. Thus we shall be able to increase the level of savings and subsequently the level of investments. Measures should be intensified against tax evasion which causes, in part, the high trend toward consumption. By increasing their available personal income the tax dodgers increase [their buying power and] demand--especially the demand of imported luxury products--thus increasing the export of foreign exchange.

b. The fiscal deficit which last year reached 36.5 million pounds must be reduced. As a first measure we recommend a more effective modernization of the state machine through better organization and development of systems and methods and by extension through greater efficiency. In addition, we recommend that the system of new hirings be temporarily revised. We are aware, of course, that it will be difficult to curtail the special expenditures because of social and political factors.

c. The efforts for an agreement on a price and income policy should be intensified. Since 1976 the increases in daily wages averaged 20 percent daily--they have doubled, that is, from 1976 to 1980. The profits also increased at a fast rate during the same period. We believe that the possible correlation between productivity and pay increases should be studied seriously.

It is a fact that due to the imported inflation, prices can drop only to a degree. The prices of imported raw materials and fuels are beyond our control but the fact that the experts do not foresee serious fluctuations in international fuel prices is encouraging. We should, however, devise effective measures to save

fuel and to use alternative fuel sources. In the tourist sector, it is necessary to maintain high standards of tourist services, cleanliness and esthetic presence. The future of our tourism depends on excellent services comparable to the best international standards. The "inflation" factor plays a primary role, of course, as concerns competition in this sector. An example: The Americans have said that they will avoid this year the traditional tourist countries of Portugal and Spain because of inflation.

2. INTER-ORGANIZATIONAL MEASURES. Increase in productivity is the best way of strengthening the competitiveness of an enterprise and at the same time provides opportunities for development and expansion. Last year's increase of 3 percent was not satisfactory. For increasing productivity it is important to exert all-out efforts for better programming, organization, communication and control. Most important of all, however, is to have all-around, well-trained personnel which should be provided with incentives, especially psychological incentives, so that it can perform with enthusiasm and devotion. In other words, each enterprise should review the managerial capabilities of its cadres and make proper changes if necessary. Such an action, however, depends on an effective system of evaluating the efficiency of such cadres based on the organization's overall results and on the proper handling of human relations.

a. The various enterprises should improve their training programs in order to increase efficiency and personnel usefulness.

b. Companies with surplus personnel should start finding gradually other proper work for such personnel. As an example, underemployed secretaries could, if properly trained, work in the electronic computer field. The unions should cooperate with the companies both in this matter and in the transfer of personnel in other areas for the sake of higher efficiency.

c. The managements and unions should study the institution of "quality circles" whereby groups of workers and employees meet and discuss questions of quality and production. Such close management-union cooperation is of course necessary in all sectors and they should particularly reexamine the effectiveness of the institution of "advisory committees." Under the present conditions, the coordinated operation of such committees will make it easier to pinpoint in time various human labor problems thus increasing the possibility for their solution. Also each enterprise should chart, in cooperation with the unions, a long-term labor policy--a policy which many organizations unfortunately lack. With such a policy our labor problems could be coped with more effectively. The present international developments show an increased participation of unions in company decisions and this point should be seriously considered when charting a modern labor policy.

d. A study should be made for overall expense cuts in all sectors of activities of an enterprise in order to avoid personnel layoffs. Sometimes the temptation to lay off people as a first measure is great. The finding of scapegoats is psychologically more appealing. If the problems in an enterprise continue to exist then terminating new hirings is permissible. Also, the measure of personnel leaves without pay could be used on an alternating basis.

e. But if layoffs are inescapable they should be made on the basis of acceptable and agreed upon criteria. No doubt, the unions will propose as a criterion the

balanced distribution of layoffs to all areas with surplus personnel so as to avoid burdening only one section of their members. They will, of course, ask for an explanation of the causes of the problem and will express doubts about the ability of the enterprise's management. They may even ask that a part of the administrative personnel be included in the layoffs. Thus, and as long as the procedure to be followed is fair, any possible labor disturbances may be avoided. But it is imperative that proper attention be given to the psychological side of layoffs. The working people should be properly prepared for any eventuality within the framework of public relations in order to lessen any morale problems. The psychological impact on laid off persons may be dramatic. In an appeal he made some time ago, Linford Reese, former president of the British Medical Association, asked that a study be made of the relationship between increased levels of unemployment and increased number of suicides or admittances to psychiatric hospitals. He observed that loss of a steady job is psychologically equivalent to the loss of a loved one and he added that the unemployed person, after experiencing various psychological stages, is possessed with an inferiority complex which seriously affects his psychological condition. Most vulnerable to layoffs because of surplus personnel are women between the ages of 20 and 24 and men in the 35-44 age bracket. Because this matter is very serious many American businesses have established special services (the Outplacement Services) for a more effective handling of the problem.

Another morally strong measure in cases of layoffs is the assistance provided for the self-employment of the dismissed. Let us consider an example. If the carpentry section of an enterprise is eliminated, its equipment can be purchased at reasonable terms by the section's personnel and an agreement can be reached providing that for a certain period the company's carpentry needs can be met by its former personnel. In addition the separation pay should be increased to make dismissals less painful and render reactivation easier.

Finally, we recommend that the following be adopted soon:

- a. The professional position of the professional director of personnel should be strengthened in order that he may handle more effectively difficult human labor problems.
- b. The administrative structure of various enterprises should be improved for better results. Group decision taking should replace the present autocratic system many countries use. The handling of difficult problems will thus become more efficient.

#### General Remarks

Our country has not faced the problem of massive unemployment even though in recent years we live under the ghost of a possible economic crisis which has not yet shown any signs of appearance. To definitely avoid such a crisis we must have prudent economic policy and planning and we must strengthen the internal and external foundation of our enterprises. Thus, their products and our services will become more competitive. The success of our economic policy will finally depend on our ability to overcome inflation and to increase our exports. At the same time, our enterprises should be reconstructed administratively and encourage

group decision taking. In this era of specialties and large capital it would be profitable to use the total intellectual capacity of an enterprise. Otherwise, it is natural for our competitors in developed countries to continue forging ahead since they are using more effective administrative systems than we are.

Also, the relations between management and working people should continue to be harmonious. But to overcome satisfactorily the problems which may have to be faced it is necessary that more concessions be made by both sides. The human relations sector must play a more and more important role than ever before. Inescapably, we shall be forced to rely more on the human side of an enterprise in solving our many problems.

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CSO: 4621/66



## DEBT, BUDGET DEFICIT SEEN RAISING TAXES SHARPLY

Paris LE POINT in French 10 Aug 81 pp 20-21

[Article by Jean-Pierre Adine and Martine Leventer: "Budget 82: The Big Wager"]

[Text] There will be a record deficit in the upcoming budget, which new loans and taxes should cover. But won't it affect prices? Jacques Delors and Laurent Fabius are preparing for some rough days ahead.

The 1982 budget, the first wide-reaching economic action by the new administration, is already strewn with pitfalls. Of course, neither its size, nor its means of implementation, nor even its major perspectives have been definitively decided, but certain evident truths are emerging, day after day, which do not make the experts' task any easier.

-- The so-called spendthrift ministers are naturally looking for a well-padded budget. Their claims are linked, as we say, to the "great hope of 10 May," which is encouraging them.

-- The fight against inflation--the number one budget priority--will not be free.

-- The dollar, scampering from one high to another, is expensive for France.

Aside from some exceptions made in the areas of arms, research, the arts, and energy savings (where much capital is invested), the other ministries have been asked to hold back. Where does that put us today? At public expenditures of about 800 billion francs--a 25 percent jump over the preceding budget. And, according to Laurent Fabius, budget minister, the deficit will be between 95 and 105 billion francs.

Symbols cannot be found everywhere, however, certainly not in the figures--they are often less important than is believed. However, we are still faced with the largest budget deficit France has had since the last war, in constant francs, of course. It surpasses by a good third what suddenly appeared from the Rue de Rivoli at the time of the Chirac/Fourcade revitalization in 1975. (See chart following page.)

But it would be naive to judge a budget on the amount of its deficit. Laurent Fabius considers it "reasonable" in that it is equivalent to only a little more than 2.6 percent of the national product. And it is true that most everywhere else the state accountants are playing with similar figures. Germany, it is often pointed out, is taking even more of a risk.

And so it is. But should we worry about the size of the liability or the speed with which it is happening? Things get worse so quickly, and no one seems to be keeping an eye on it. The 1981 budget? At the end of 1980, a 30 billion deficit was forecast by the preceding administration; 51 billion in April 1981, forecast again by the former majority. Laurent Fabius hints that it will perhaps be 70 billion by year's end. The limit of 100 billion for the 1982 budget proves that the gap is increasing. It can easily be imagined where a continuation of this might lead.

Even without looking ahead any further, one important question remains: where will the money be found to fill such an abyss?

The administration intends to begin borrowing on the domestic market, a solution already adopted for this year, "without great danger," says Jacques Delors, minister of economy and finance, "because of the economic stagnation which is not encouraging other borrowers to compete with the state."

Yes, but what will happen when, as it is hoped, the government wins its bet on the upswing of economic activity? A simple answer: taxes will replace borrowing. But didn't Laurent Fabius recently promise that fiscal pressure would not increase at all? Yes, he promised that, but it was a clever way to hide the preparation of new taxes. Left to itself, fiscal pressure tends to decrease from one year to the next. Maintaining it at a constant level implies that fiscal indices are raised, or that new taxes be created in the fertile imagination of experts.

"There will be new taxes," confirmed a colleague of the budget minister, "and the tax on wealth is only one of the means which we have considered." Nevertheless, taxpayers should not panic too quickly: income tax tables will be adjusted to account for inflation, as done in the past. Finally and most importantly, it is hoped on the Rue de Rivoli that greater growth than in 1981 will ease the state's task as it anxiously looks for new receipts.

Even if the new team wins this round, a thorny question still remains: is the budget itself inflationary?

It can be shown--and not without valid reasons--that the very nature of state expenditures is more important in this respect than their amount. It should all the same be kept in mind that, in the present case, consumer demand will suddenly increase by over a quarter, in a country and at a time when everyone continues to be preoccupied by the rise in prices.

One of the most preoccupied is the administration. The proof? At the same time that he was working with Laurent Fabius on the budget, Jacques Delors took all necessary measures to avoid an excessive rise in prices. The battle will be difficult.

Consumer prices have risen "only" 6.5 percent during the first 6 months (more, however, than in Germany in a year!), which is .6 percent less than during the same period last year. This slight improvement is not grounds for congratulations. As the minister noted Thursday morning, it is only due to the fact that public sector rates were not raised. But their increase, spread over 4 months, is now going to make its effect fully felt. Because of this (and Jacques Delors has not hidden it), the third quarter will be difficult, and retail prices will undoubtedly rise 4 percent.

The Rue de Rivoli insists that a relative calm will then prevail (3 percent increase for the final 3 months), but more than one expert has labeled this optimistic, and many individuals from consumer organizations and unions have asked for a preventive measure: another price freeze.

"There is absolutely no question of going back on price deregulation," replied Jacques Delors. "I prefer a supple, diversified economy to an administrative one." The minister has therefore decided "to leave the companies to their fate" at least for several months. Without, however, adopting a laissez-faire policy, as his actions last week regarding a certain number of service industries testified.

A decree has given prefects the right to regulate the price of hotels and campgrounds (one and two star categories: "our goal is a social one") and the price of drinks in twenty or so tourist areas. The measure found its impetus in abuses noted during the vacation period. Since they were deregulated, prices of campgrounds and draught beer had increased over 200 percent in certain areas, and in 4 months, the price of black coffee in some places had increased 100 percent.

"We will not apply general sanctions: a 25 percent increase can be abusive, whereas in some cases a hike of 100 percent would not be," it was explained to Jacques Delors' cabinet. In order to better understand this type of problem several products and sectors are being watched (coffee, bread, red wine, fruits and vegetables, certain services, etc.). "We want to understand what is happening, and then make decisions," explained the minister. "You do the opposite only if you are in the middle of a hurricane, and that is not the case."

There has been one innovation: Jacques Delors is implementing this new policy hand in hand with Catherine Lalumiere, minister for consumer affairs. "Price deregulation is worthwhile. I wouldn't be the last to ask for sanctions if increases get out of hand," she confided to LE POINT. But we are not there yet, and the government is hoping that threat will be enough to keep merchants in line.

No matter--Jacques Delors' experiment with prices is turning out to be dangerous, and next year's budget will not make it any easier. He has made a risky bet by wanting to conquer both unemployment and inflation at the same time.

The Budget Deficit in France  
(in billions of francs)

	<u>In current francs</u>	<u>In constant francs 1980</u>	<u>% of GDP*</u>
1975	37.81	60.11	2.63%
1976	17.17	24.9	1.21%
1977	19.46	26.01	1.03%
1978	38.19	47.74	1.78%
1979	38.90	43.96	1.59%
1980	23.79	23.79	0.09%
1981	56.98	56.98	1.73%
(Forecast in July)			

\*Gross Domestic Product

9720  
CS0: 3100/903

## BALANCE OF PAYMENTS, STATISTICS PUBLISHED

Athens I KATHIMERINI in Greek 1 Aug 81 p 7

[Article by N. Nikolaou: "Balance of Payments Shows Stability"]

[Text] The balance of payments is "under control," for the moment at least, and despite the delays in the invisible resources and the capital movement, its general outlook appears satisfactory. Problems, however, are beginning to appear in the area of foreign exchange reserves which have decreased sufficiently and have reached levels lower than those needed for a month's imports. (On 30 June, the foreign exchange reserves were 822 million dollars compared to 960 million representing the average monthly exchange payments for imports.)

The balance of payments stabilization depends mainly on the restriction of imports and the improvement of exports. Thus, the June imports, which in May had reached a peak (1,200 million dollars), dropped again to 895 million dollars.

In more detail, the balance of payments developments during the first 6-month periods of the past 3 years is as follows according to Bank of Greek preliminary data (figures in millions of dollars):

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Imports	4,787	5,349	5,765
Exports	1,896	2,040	2,508
Trade Balance	-2,892	-3,309	-3,257
Invisible Resources	2,317	2,574	2,735
Invisible Payments	610	737	947
Invisibles Balance	1,707	1,837	1,788
Current Trade Balance	-1,185	-1,472	-1,469
Capital Movement (net)	677	1,106	555

The above table shows that:

1. It was the restriction of imports which finally prevented further increase in the balance of payments. During the first half of 1981 the imports increased by 7.8 percent compared to 11.7 percent in 1979. But even this increase is almost totally due to the imports of fuels. In fact, except for the fuels, the foreign

exchange payments for imports during the first 6 months of 1981 were 3,761 compared to 7,781 million dollars during the 1979 corresponding period or it dropped by 0.5 percent. Evidently this drop is due to the continuation of the economic recession (drop in industrial production slowdown in the construction sector, etc.) but also to the pressure exerted by the rise in the dollar value which renders more expensive the imported goods and in the end limits their import.

2. This year's exports increase at a rate faster than last year (22.9 compared to 7.6 percent) but it is not yet certain if the increase concerns the volume of exports or the time lag in payments. It is possible, that is, to be collecting now for exports made months ago.

3. There is a definite delay in the invisible resources which is more pronounced in the tourist sector (increase of 1.6 percent only compared to 20.5 percent).

The Ministry of Coordination yesterday issued the following announcement:

"During June 1981 the current trade balance was considered very satisfactory. Its deficit was limited to 158 million dollars compared to 224 million dollars in June 1980. This drop by 29.5 percent (corresponding increase of 41.8 percent in 1980) is mainly due to the favorable development of the trade balance whose deficit was reduced by 17.1 percent compared to a corresponding increase by 25.5 percent in 1980.

"The 9 percent drop in the foreign exchange payment for imports (without the fuels it would reach 14.5 percent) coupled with the 6.5 percent increase in the receipts from exports which covered 67 percent of the trade deficit (corresponding coverage in 1980 was 52 percent) contributed to the above favorable development of the trade balance.

"In contrast, the surplus in invisible resources--despite the stagnation in invisible payments--showed a decrease by 10.5 percent due to the drop in receipts for most categories of invisible resources, with the exception of tourism which showed an increase by 7.3 percent.

"The inflow of private capital also was reduced. However, it covered 69 percent of the current trade balance.

"The progress of the current trade balance during the first half of 1981 appears favorable also. The deficit of this balance was limited to 1,469 million dollars compared to 1,472 million dollars during the corresponding 1980 period (0.2 percent decrease compared to 24.2 percent increase during the first 1980 6-month period).

"The substantial increase in receipts from exports--which it should be noted would have shown a slight increase were it not for the fuels--kept the trade deficit at a level lower than that during the corresponding 1980 6-month period, while the surplus of the balance of invisibles dropped slightly, mainly as a result of the increase in invisible payments."



## FINANCIAL ASPECTS OF AUTONOMY AGREEMENTS LISTED

Barcelona LA VANGUARDIA in Spanish 5, 6 Aug 81

[5 Aug 81 p 8]

[Text] The documents that make up the autonomy pacts among the administration, the UCD [Democratic Center Union] and the PSOE [Spanish Socialists Workers Party] include 59 agreements on economic and financial matters, the texts of which are as follows:

1. The financing schedule contained in the LOFCA [autonomous community financing law(?)] is the basic model and is sufficient to work out all of the financing arrangements required by the autonomy process.
2. The autonomy process will be carried out while guaranteeing a dual equilibrium: on the one hand, the financial equilibrium of the CCAA [autonomous communities] and, on the other, the financial equilibrium of the central State administration. Therefore, when there are alternate solutions to a problem, the one that meets this dual requirement will be selected.
3. In order to maintain these financial equilibriums, the outlays required by the CCAA institutions (government bodies, legislative assemblies, etc) must gradually be covered with their own funds during the transition period.
4. The financial standards contained in the LOFCA are generally applicable to all the CCAA.

The agreements and pacts that apply exclusively to the Basque Country and Navarre involve only fiscal matters, not the other jurisdictions.

The specific arrangement for the Canaries, Ceuta and Melilla applies solely to tax matters.

5. The apportionment of jurisdictions should be viewed as a process of reassigning them, so that each public service is provided by the most economically suitable politicoadministrative level. Therefore, the services transferred to the CCAA can be managed both by them or by the local entity whose jurisdictional sphere is closest to the geographic area for which the cost of the service per inhabitant will be the lowest.



When appropriate, the politicoadministrative level that has jurisdiction will delegate the responsibility for providing the service.

6. The CCAA must observe the criterion of internalizing costs. Solidarity among the CCAA, which is guaranteed by the constitution, will therefore be achieved through the redistribution policy that is incumbent on the central State administration, as well as all other actions that might affect the unity of the Spanish market.

#### Distribution of Funds

7. The LOFCA system must fulfill a dual requirement during the transition period:

First, guarantee all CCAA and pre-autonomy entities (EP) sufficient funds to meet the costs involved in providing the same level of service as the State provided during the year prior to the transfer.

Second, distribute on a solidary basis among the various CCAA and EP the new services that are created and funded by new investments. This principle of solidarity applies both to the monies in the Interterritorial Equalization Fund and to the investments that the State makes under its jurisdictions.

8. The services transferred to the CCAA and EP, as well as the functions that the CCAA will eventually perform, should be identified in the transfer decrees or, when appropriate, in an express and specific regulation in this regard.

9. In any case, transfer decrees must be uniform in terms of their structure and technique of delimiting the transferred service. They should contain at least the following provisions:

--Reference to the constitutional and statutory provisions under which the transfer of services is being made, and indicating whether the transfer of services in the sphere in question has been exhausted or remains open after the decree.

--A specific identification of the services being transferred to the autonomous community, as well as of the specific functions and jurisdictions that it will exercise.

--Enumeration of the services and of the functions and jurisdictions related thereto that the central State administration will continue to reserve for itself.

--A specific listing of the functions that the central administration and the autonomous community will perform jointly, and the institutional form of cooperation between the two administrations.

--A listing of the human and material resources attached to the services being transferred.

--An assessment, using uniform methods, of the actual cost of the services and functions being transferred, with an indication of whether this is a provisional or definitive assessment, and in the latter case, determining the equivalent percentage of State budget revenue.

--Simultaneous provision, precluding current delays, of the budget appropriations available to the autonomous community in keeping with the assessments conducted, canceling the equivalent appropriations from the State budget and, therefore, abolishing the corresponding organizational units and personnel payrolls. In the case of the Basque Country, the appropriations canceled from the State budget should equal, at least, the sum derived from multiplying the allocation index defined below by the national appropriations corresponding to the transferred services.

10. In order for the administrations in question to properly prepare themselves, the transfers will become effective on only two dates a year, 1 January and 1 July.

#### Cost of Transferred Services

11. The actual cost of the transferred services will consist, for each service and autonomous community, of the sum of the corresponding direct and indirect costs and investment outlays defined below.

12. The actual cost of the services transferred to the CCAA will be determined analytically, service by service, and enumerating all of the cost elements for each autonomous community.

13. The direct cost of a service is made up of the sum of the personnel costs and operating expenses directly linked to the provision of the service. This cost will be calculated by figuring in the items under sections one and two of the current budget organization, both of the State's expenditures budget and, when appropriate, of the autonomous agency that provides the transferred service.

Vacancies not provided for in the budget and vacancies provided for in the budget but not actually filled during the 3 previous years will not be figured in as personnel costs. In the latter case, the budgeted positions will be dropped from State budgets.

14. Indirect costs are those personnel and goods and services acquisition outlays needed to perform the functions of supporting, running and coordinating (within the sphere of the autonomous community) the transferred service. These costs will also be calculated by adding up the items under sections one and two of the State expenditures budget or, when appropriate the budget of the autonomous agency.

It should be understood that part of the indirect costs are borne by the agencies of the peripheral State administration in the territory of the autonomous community, and the other part by the central State administration.

Indirect costs will never include the general tasks of coordination, management and support that the central State administration continues to perform nationwide in the sphere of its jurisdictions.

Indirect costs will include the outlays of the investment programming offices linked to the transferred services.

When entire units are not figured in calculating indirect costs, the equivalent entire units will be estimated subsequently in order to quantify the elements to be transferred. This procedure will be followed in particular in the case of personnel costs.

Whenever services are transferred, the corresponding appropriations in the State budget will be canceled. Moreover, when these appropriations involve personnel expenditures, whether as a direct or indirect cost, the corresponding personnel will necessarily be transferred. In the case mentioned in the previous paragraph, the equivalent personnel will be transferred.

15. Both direct and indirect costs consist of those outlays that the State actually incurred during the fiscal year prior to the one in which the services were transferred.

16. When the CCAA assume the State's jurisdictions, in particular the ones involving subsidies, the State will provide them the funds needed to perform these tasks. Nevertheless, the amount of the subsidy itself will never be figured in as a cost of performing these tasks.

#### Investment Outlays

17. The investment outlays to be included in the actual cost of the transferred services consist of the maintenance, improvement and replacement expenditures that the State actually incurred during the fiscal year prior to the year of transfer, in connection with the transferred service.

The calculation of the investment outlays will include the items under maintenance and improvement of transferred services contained in sections two and six of the current State expenditures budget or, when appropriate, of the autonomous agency's budget.

Previous investment outlays for each service and autonomous community will be determined as follows:

First. The investment outlays previously calculated nationwide will be determined for each service.

Second. The investment outlays for this service will be the ones that are due each autonomous community as reflected by indicators of capital stock connected with the transferred service (for example, available seats in schools, hospital beds, kilometers of highways, etc).

Third. In the cases in which the above method is not feasible, investment outlays will be calculated in proportion to direct service expenditures.

The method of estimating investment outlays will, of course, depend on the nature of the service, but once the most appropriate method has been determined for each service, it will be the same for all the CCAA.

18. Both the determination of the cost of the transferred services and of their equivalent (the obligations assumed) under the pact or agreement will be uniform for all CCAA, and the Fiscal and Financial Policy Council must develop this common methodology in accordance with the provisions of the LOFCA.

19. When services that are taxed or that yield private revenues are transferred, whether they belong to the central or to the institutional administration, the net amount obtained from the taxes and revenues in the autonomous community will be subtracted from the assessment of the actual cost of the transferred service.

20. The percentage of revenue sharing will apply for the first time in the fiscal year following the one in which the autonomous community was established, except if it is established during the second half of the year, in which case the revenue sharing will take effect during the year after the following year.

For these purposes, a community will be considered established when its statute is published in the "Official State Gazette."

The applicable percentage of revenue sharing will be determined by adding up the percentages for each transferred service.

21. The percentage for each transferred service will represent the actual cost of the service within the autonomous community in question in relation to the revenue that the State has received under sections one and two of its budget, excluding the revenue from the taxes that are liable to transfer. When this calculation involves fiscal years prior to 1981, the denominator should also exclude the tax revenues that the Basque Country would have taken in if the pact had been in effect.

22. Both the cost of the service and the State revenues referred to in the previous paragraph will be the ones actually recorded during the year immediately prior to the one in which the service was transferred.

23. Until a definitive assessment is made of the transferred service, it will be financed by a transfer from the State of the corresponding budget allocation.

24. Taxes must not be transferred to an autonomous community unless the actual cost of the services transferred to it exceeds the revenues from these taxes. In any case, the transfer of taxes will always take effect as of 1 January of the year following the one in which the corresponding law was passed.

25. The scope and terms of the tax transfer will be the same for all CCAA. To this end, a law will be drafted specifying the overall scope and terms so that taxes can be transferred to each community in a single-article law.

This general law will be submitted to the Cortes before 1 December 1981.

26. Henceforth, the transferred taxes will reduce the revenue sharing percentage as of the fiscal year of the transfer. The reduction will be equal to the percentage of the revenues that the State received from the transferred taxes in the autonomous community during the year immediately prior to the transfer in relation to the revenues it actually earned that year under sections one and two of its budget, except for taxes liable to transfer.

27. When tax legislation is amended to secure revenue for financing obligations stemming from State jurisdictions, it can adjust the percentage of the autonomous communities' share in State revenues in accordance with the provisions of Article 13 of the LOFCA.

28. The work of the joint commissions will not be over until they have set the corresponding revenue sharing percentages based on final data.

29. Before the revenue sharing percentage referred to in Article 13 of the LOFCA can be applied, a law setting up a common system applicable to all CCAA must be passed.

#### Public Services

30. In relation to the budget appropriations for guaranteeing a minimal level of basic public services:

The government pledges to submit a bill before 30 June 1982.

The bill will specify what the basic public services are.

The bill must provide for some form of evaluating the performance of the autonomous communities to which these budget appropriations are earmarked.

The bill in question will also provide for another form of nonfinancial assistance to achieve the goals of standardizing basic public services.

Once a system of determining the average level of basic public services has been worked out, it will be in force for a period of 5 years.

#### Interterritorial Equalization Fund (FCI)

31. The administration will submit an Interterritorial Equalization Fund bill before 1 October 1981. To this end, the CPFF [Fiscal and Financial Policy Council] must immediately begin studying and evaluating the criteria for apportioning the fund, in accordance with the provisions of the LOFCA.

32. The aforementioned bill will specify the base for calculating the size of the fund. The base will consist of the actual public investments financed by the State or its autonomous agencies, excluding Defense Ministry investments.



Under current budget terminology, this corresponds to the sum of sections six of the State and its autonomous agencies and capital transfers to local bodies. Excluded from this total will be the outlays earmarked for the maintenance, improvement and replacement of public capital goods.

33. The law will specify the fixed percentage to be applied to the calculation base, indicating its temporary period of effectiveness.

34. In any case, the minimum size of the fund will be the sum of the "new" investments for the jurisdictions transferred to the autonomous communities.

35. The autonomous communities and pre-autonomy entities that receive monies from the FCI above the established minimum will draft, in conjunction with the central administration, a regional development program in accordance with the methodology of the European communities. These regional development programs must be set up within the framework of general economic policy.

The CCAA and pre-autonomy entities that are not obliged to draft a regional development program will draw up, in conjunction with the central State administration, a list of projects to be financed by the FCI and that complement the rest of the public investments that are going to be made within their territories.

36. The list of the projects to be financed by the FCI will be divided into two parts: on the one hand, the projects that the autonomous community, the pre-autonomy entity or local entities will be responsible for executing, and on the other, the projects that the State will be responsible for.

Nevertheless, the FCI law must permit the central State administration to execute the projects decided on by the community when the latter expressly so requests.

[6 Aug 81 p 7]

[Text] We continue listing today the economic and financial agreements relating to autonomy that the administration, the UCD and the PSOE signed on 31 July. In yesterday's edition, LA VANGUARDIA published the first 36 points, stopping, for space reasons, at the items involving the Interterritorial Equalization Fund. The following are the rest of the provisions:

37. The operating costs generated by the investments financed by the FCI in the jurisdictions of the autonomous communities will be covered by the communities' resources.

In special cases of investments made by a community in a service whose level does not meet the minimum guaranteed by Article 15 of the Organic Law of Autonomous Community Financing, when the State sets the amount of the appropriations for this community in its general budget, it will take into account the community's financial capacity to assume the outlays stemming from these investments.

38. The proceeds of the fund must be apportioned among all the autonomous communities and pre-autonomy entities, but in such a way that they are concentrated in the least developed territories.

39. The indicators for apportioning the fund's proceeds must be exclusively the ones specified in the LOFCA. Once the corresponding indicator or indicators are obtained, the populations of the autonomous communities or the pre-autonomy entities should be kept in mind, because even if they are at the same level of development, they have different needs.

40. The FCI bill must extend the obligation of rendering accounts to the Cortes, under the terms of Paragraph 4 of Article 16 of the LOFCA, to the State itself because it is responsible for implementing some of the investments included in the fund.

41. If the proceeds of the FCI are earmarked for purposes other than the ones provided for, the same sanctions will apply, regardless of the administration that so acts.

42. The unused appropriations for investment projects financed by FCI allocations to a community can be incorporated on a one-time basis into the community's appropriations for the following fiscal year. If such surpluses persist in successive fiscal year, they will be returned to the general fund.

43. The 1982 State budget act will include an FCI appropriation with the following characteristics:

The fund will contain 180 billion pesetas.

It will include a specific proposal for the regional apportionment of the fund in accordance with the provisions of the FCI bill.

47. The administration must submit a statistical program, to be drawn up by the National Statistics Institute, listing the tasks to be performed, setting the priorities in this regard and the deadlines for achieving them, and providing the necessary budget allocations. The program must be submitted before 1 January 1982.

48. Given the nature of the services, the operational scope of the National Statistics Institute extends throughout the nation through its own territorial network, which does not preclude the cooperation arrangements that must exist with the CCAA.

49. Before 1 January 1982 the Finance Ministry must also submit a regional accounting program for the public administrations that is in keeping with the SEC [European Integrated Economic Accounting System] methodology for regional accounting.

50. The liabilities assumed by the autonomous community of the Basque Country will be quantified by taking equal components evaluated with the same standards and criteria as those followed for the autonomous communities financed under the LOFCA system, although the costs thus determined will be for the entire State instead of the community.

51. The budget appropriations to guarantee a minimum level of basic public services will be considered a liability not assumed by the autonomous community of the Basque Country, in accordance with Article 15 of the LOFCA and Article 158.1 of the constitution.

#### Allocation Index

52. The 1982/1986 Quota Law must incorporate the adjustments for the regional allocation of the tax agreement receipts, thus complying with Article 51.2 of the Economic Pact with the Basque Country. Until the necessary statistical information and the adjustment formula considered most appropriate are available, the adjustment will be done provisionally according to the same allocation criterion set forth in the economic pact for compensations under Article 52.1, inasmuch as both have the same goal of adjusting on a regional basis the revenues that can be allocated to the State and to the autonomous community.

53. With regard to the quota for the 1982/1986 5-year period, the allocation index referred to in Article 53.1 of the Economic Pact will be the GDP (gross domestic product) of the Basque Country in market prices as a percentage of the nationwide GDP.

54. The income figure to be used in determining the allocation index will initially and provisionally be the one for the last year in which accurate economic data are available. Once these data for the fiscal year in question are known, the definitive amount of the allocation will be determined as provided for in Article 55.2 of the pact.

55. The regional accounting methodology of the European Communities will be used in the future in estimating regional income.

56. The economic logic underlying the determination of the quota should be applicable as well to Navarre, whose economic contributions to the State ought to be updated.

57. The administration will draft an economic organization bill to circumscribe the jurisdictions of the State and the CCAA in economic and financial matters and to guarantee the unity of the market throughout the nation.

58. The role of the Fiscal and Financial Policy Council as a fiscal and financial coordinating body must be bolstered, thus preventing the proliferation of coordinating institutions.

59. The bylaws of the Fiscal and Financial Policy Council must guarantee:

The active presence of government ministers and of autonomous community advisers on the council by preventing positions from being delegated to officials from the respective government administrations.

The creation of task forces made up of central State administration and autonomous community officials appointed to perform the preparatory tasks and studies entrusted to them.

A system of adopting resolutions in which the number of the government's votes is equivalent to the total number of representatives from the autonomous communities. (EFE)

8743

CSO: 3110/136

## FINANCING SEEN AS INDUSTRIALISTS MAJOR PROBLEM

Istanbul CUMHURİYET in Turkish 30 Jun 81 p 5

[Text] ECONOMIC SERVICE--Construction and Credit Bank Deputy Director General Tuncay Artun said that the 24 January decisions were "deficient, inadequate and lack any chance of being applied properly." "The 24 January decisions are Turkey's escape hatch and to say that they will take 3 to 4 years is the same as saying that it will be 3 to 4 years before exports reach the desired level. But as long as exports grow with these measures, imports will grow also," he said.

Tuncay Artun spoke on the "Turkey '81 and Financing Problems in Industry" panel at the Kirazliayia meetings arranged jointly by Istanbul University's Faculty of Economics Banking Institute and Alumni Association, with the help of Bursa University Rector Prof Dr Nihat Balkir. Artun pointed out that the 1 July banking [conference] began realizing "inapplicable method" indexing and said: "In fact, the capacity-use rate in industry is extremely low. Excepting the chemical industry, it is not even 50 percent, but only between 10 percent and 30 percent."

Stressing that the issue is not so much the problem of financing industry as "which industry will be financed," Artun said, "Financing costs head the list of basic problems."

The Construction and Credit Bank deputy director general said:

"Important changes occurred in the industrial structure in Turkey starting in the 1960's. In addition to the industrialists owning banks, brokerages, banks and brokerages or more than one bank, medium and small industrialists who were dependent or could not even find credit emerged along with large industrialists without banks. This phenomenon, which was quite natural within the general lines of the system, stretched to dimensions which could not be prevented with any monopoly law that might have been passed.

"It was not supposed to happen, but from the beginning of the 1980's, even industrialists having banks and brokerages began to have a financing problem. The big devaluation made in January last year was very different from earlier devaluations made in Turkey, as it was made in the first half of the year when the money supply was tight. As a result, 19 billion liras in bonds were put on the market in 1980. If the devaluation had come in the second half of the year when money was freer, this kind of borrowing would not have been necessary. I can say that as long as there is no further devaluation of the same type, bond offerings will never again reach the dimensions of 1980. However, as a result of this occurrence, there are going to be some extremely interesting developments in Turkey's economic structure beginning in February 1982. These developments will be the result of the decisions made on 24 January 1980 which are still being applied."



## TRIVALVE SEE REFORM PACKAGE ANALYZED

Istanbul MILLIYET in Turkish 8 Jul 81 p 2

[Article by Prof Dr Ozer Ertuna, faculty member of Bogazici University]

[Text] It is certain that more productive operation of the State Economic Enterprises [SEE] will make major contributions to the economy. It is also correct to say that one of the fundamental reasons which fanned the inflationary spiral, was the government's efforts to cover the damage and deficits resulting from the unproductive operation and wrong pricing policies of the SEE's by printing money, in particular. For these reasons it can be agreed that SEE's reorganization constitutes one of the subjects on the agenda awaiting an urgent solution.

But a thorough discussion is necessary to determine what is and what is not the solution.

In order for the reorganization to be successful, a determination must first be made as to "what the aim is" of reorganization, and this should be made clear. The aim may be to change the nature of the activity in state economic operations and to reorganize the ownership relationships of these operations. Or the aim may be to make a profit, to obtain sources for investment, to ease the employment problem, to reduce dependence on foreign sources for certain goods, to prevent monopolization and other economic goals like these. Choosing the goal requires a political decision. If an economic goal is chosen it will require that SEE operate with progressive management techniques. In this article we will discuss the necessary measures which should be taken for SEE to operate with progressive management techniques.

### Three Reforms at the Same Time

Three reforms will have to be implemented at the same time and then continued to ensure that SEE operates more productively through the use of progressive management techniques:

1. The movement of establishments to an organizational set-up which increases their authority and responsibility in economic decisions.
2. The implementation of training programs to prepare the upper echelon managers of the establishments for the new management system.

3. The creation of an informational system that will ensure that the managers of the establishments make rational decisions.

Organizational Set-up: It is important that in the SEE reorganization the distribution of authority and responsibility be effectively ensured. After determining targets for the establishments which are "reachable" for those units to adopt but which require effort, the establishments must be made responsible for reaching these targets and should be given the authority to set up any sort of system to do it.

This principle of management, known as "Management by Objectives," is not just for economic units these days. It is being accepted as the most modern method in the management of all activities. In this type of management a thorough distribution and sharing of authority and responsibility in decisions made in the framework of the operation and the institution is required along with a consolidation of targets. The best vehicle for achieving this is a new "reward," the "profit sharing" system. Such a system will free SEE from political influences and is directed at generating productive results in the short term.

Training of upper echelon managers: Organizational systems are things that have been tried from time to time but remain mostly on paper. The one that yields results requires that upper echelon managers adopt the new method and gain the talents which this type of management calls for. This, however, puts the problem of training upper echelon managers up for discussion. Special training techniques have been developed for this type of training. These techniques and the institutions that have them should be taken advantage of. The situation exists such that universities and a number of the institutes connected to universities will be able to help in this type of training. Additionally, when the Gebze Institute of Applied Management, which has been in the works for ten years, is completed, it will help in this matter.

#### An Information System for Management:

In order that prudent decisions can be made in operational management, there is the need for the appropriate and reliable information these decisions require. This information must be the type that generally reflects the latest trends and progressive thinking. Operations can only be directed with fresh information. The dubious and sometimes long delayed information being used is produced for various establishments such as the General Directorates of the SEE's, the Ministry of Finance, and the Supreme Control Council. In order to obtain an improvement in management, an information system aimed at meeting the information requirements of management must be developed and reliable and timely data must be produced for the managers through this system.

#### Would It Be Profitable To Turn Things Over To The Private Sector?

Unless the three reforms I have discussed briefly above are implemented simultaneously and then continued, one should not expect that the SEE's will operate productively.

In connection with SEE's reorganization, the transfer of these establishments to the private sector is considered from time to time, and this same view is being put forth today as well. Whether or not such a set-up will serve the goal of "productivity" must be seriously discusses.

Hoping that turning over the SEE's to the private sector will increase productivity is the product of an error Turkey has made many times. In Turkey, the "market-place mechanism" system is being mixed with the "private enterprise" system. The success or lack thereof by one can be laid to the other. For a while, those who saw that private enterprise could not secure an industrialization based on opposition to foreign competition, which could make sales to foreign markets, prevent unemployment and favorably effect the distribution of income, mistakenly intervened in the market-place mechanism instead of looking for the blame in private enterprise. When one sees that the economic measures taken recently with regard to sparking the market-place mechanism have been successful, this success is again wrongly attributed to private enterprise. As the result of incorrect management, private enterprise today does not have a strong competitive or financial structure. Serious efforts are necessary for private enterprise to be able to reach an accommodation with the new economic conditions which require a more rational operation. Under these conditions it is wrong to expect that private enterprise will solve SEE's problems. There are solutions much more in accord with economic and social targets within the framework of the market economy. Adoption of the measures discussed above will be sufficiently effective to accomplish the desired result.

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CSO: 4654/107

## SEE REPORT ENVISIONS RESTRUCTURING

Istanbul HURRIYET in Turkish 19 Jul 81 pp 1, 13

[Text] Ankara (HURRIYET) Intense efforts are continuing aimed at freeing the State Economic Enterprises [SEE] from their damaging organizational structure and tuning the Turkish economy's motor.

The "SEE Report" which was prepared by several ministries and which was researched by a commission, headed by Deputy Prime Minister Zeyyat Baykara, set up with the aim of reorganizing the SEE's, is being examined in both the Council of Ministers and in the National Security Council's Specialized Commissions.

According to the "SEE Report," in the Council of Ministers three alternatives are being discussed to bring the SEE's up to par.

The first of these alternatives is to put a portion of the SEE's, which have a special status, into a holding company. According to this alternative, a pilot project has been begun in the Turkish Petroleum Corporation which is contained within the structure of the Ministry of Energy and Natural Resources. In accordance with this pilot project, the members of the Turkish Petroleum Executive Council will be relieved of duty. In their places will be appointed the general director, his deputies and the office chiefs of Turkish Petroleum. The departmental offices within Turkish Petroleum will each be made a company and these companies will have separate executive boards. The deputy office chiefs and the branch directors will become the members of the company's executive board. The companies will operate each as a part of the Executive Holding Board.

The pilot project in Turkish Petroleum will be followed by ones in the Maritime Bank, the Petro-Chemical General Directorate, the Petroleum Office, the Sugar Works General Directorate, the Turkish Iron-Steel Works, and Paper Works.

#### To Be Opened To The Public

According to the second alternative, the profitable SEE's will become establishments open to the public. These establishments will likely be Sumerbank, Fertilizer Works, Meat and Fish Association, Cement Industry, Tourism Bank, and Turkish Dairy Industry. In these establishments to be opened to the public, shareholders will be assured of their part in management and in making decisions. Additionally, the financing squeeze will be eased. These establishments will make larger investments.

According to the third alternative, a number of the SEE's would be consolidated under one roof. Those establishments which are in trouble and which will not become profitable in a short time, in particular, will be brought under a large holding roof. The establishments slated to go under this large holding roof will include the State Railroads, PTT, Turkish Airlines, Soil Products, Machine and Chemistry Industry Establishment, and Turkish Coal Works.

#### No Other Solution

According to the "SEE Report" being examined in the Council of Ministers and the National Security Council's Specialized Commissions, there is no alternative to price increases and worker layoffs while the SEE's are being reorganized and the report stresses the need for serious measures to be taken. The report says that the price increases made at SEE's have not yet produced the intended result. There is no alternative solution other than making the SEE's profitable establishments since the fact is that the layoffs will increase unemployment because of the large volume of SEE employees. Those presently working at the SEE's will continue in their jobs but there will be no new hiring. The financing shortfalls will be eased by going public and the SEE's will become serious and hard working establishments.

#### The Basic Premise

The basic premise of the efforts begun in 1981 to reorganize the SEE's was to put all the SEE's into sectorized holding companies. Accordingly, the SEE's were going to be consolidated in sectorized holding companies in the following manner:

**Manufacturers and Industry Holding:** The Machine and Chemical Industry Establishment, Sumerbank, Turkish Cement Works, Turkish Iron-Steel Works, Turkish Paper Works, Turkish Aircraft Industry.

**Mineral Holding:** Etibank, Turkish Electric Power Enterprise, Petro-Chemical Corporation, Petroleum Office, Turkish Petroleum, Coal Works, Black Sea Copper.

**Agriculture Holding:** Turkish Nitrogen Industry Corporation, Meat and Fish Association, Soil Products, Dairy Industry Association, Sugar Works, Angora Wool Works, Turkish Fodder Industry Corporation, Agricultural Equipment Association, Tea Producers Organization.

**Transportation and Communications Holding:** Maritime Transport, Maritime Bank, PTT, State Railroads, Air Lines.

**Financial Holding:** State Equipment Office, Tourism Bank, State Investment Bank, Retirement Fund, Social Security Organization, Real Estate Credit Bank, Peoples Bank, Agricultural Bank, Anatolian Bank, Provincial Bank.

Establishment such as Tumosan [Turkish Motor Industry and Trade Corporation], Tamsan [Turkish Electro-mechanical Industry Corporation], Teksan [Textile Industry and Trade Corporation] and Gerkonsan [State-run Steel Manufacturing Company] were also to be put into an investment holding company.

Acting on this basic premise, the decision was made to reorganize the SEE's through pilot projects rather than a mass approach.



## NEW TRADE PROTOCOL CONCLUDED WITH IRAQ

Istanbul MILLIYET in Turkish 14 Aug 81 p 11

[Text] Head of State General Kenan Evren received Iraqi Deputy Prime Minister Taha Yasin Ramadan at the Cankaya Mansion. During his reception speech Evren said, "Two neighboring nations are inwardly at ease only to the degree they enjoy good relations with one another."

Prime Minister Pulend Ulusu also attended the reception held at 0900.

Head of State Evren said in a short speech. "The agreement covering Turkish-Iraqi economic cooperation that started some time ago has been framed in a manner conducive to the interests of both countries. I take great pleasure in this. It is to the benefit of both countries. It is to their advantage. The further development and improvement of relations is our sole desire."

Iraqi Deputy Prime Minister Ramadan tendered Iraqi President Saddam Hussein's greetings to Head of State Evren. Ramadan stated that his country is very happy about the new economic cooperation agreement and said, "Turkey's stability and external security are of immediate interest to Iraq."

The parties in the new protocol signed between Turkey and Iraq agreed to extend and broaden the scope of the 3-year commercial trade regime concluded during the last commission meeting. The 5-year commercial protocol, concluded with stipulations to be "indicated," will run from 1981-85. It envisions the export from Turkey to Iraq of the following goods and items:

Meat and livestock, dried fruits, fresh vegetables, textiles and textile products in increased variety and amount, olives and olive oil, 5 tons of cigarettes in the first year, cotton and synthetic fiber, refrigerators, steel and iron pipes and manufactured items, hide goods, furniture, machines and equipment, 20 thousand tons of barley from the previous period given to go-ahead for delivery, and 75 thousand tons of wheat remaining from a consignment Turkey previously contracted to Iraq.

Furthermore, the last commercial agreement shows that our cement exports, estimated around 200-300 thousand tons, exceeded 1.5 million tons. The current export regime, therefore, includes a minimum amount of 1.6 or 1.7 million tons of concrete.

It has been agreed, on Iraqi request, that Iraq's largest commercial bank open a branch in Turkey to facilitate the process of commercial payment.

Turkish Iraqi tourism problems will be addressed during another meeting of the joint Tourism Commission this autumn.

## ARAB BANKS PROVIDE EXPORT PREFINANCING LOAN

London 8-DAYS in English 15 Aug 81 p 7

[Text] A GROUP OF Arab banks, including several of the major international banking houses, has picked up one of two major trade financing loans recently syndicated by Turkey. The loan, worth \$100m, is in the form of export prefinancing. The fact that the Turkish Central Bank went to Arab banks is unusual, for Turkey has traditionally worked with western banks.

The loan was led and managed by the Tripoli-based Libyan Arab Bank, which also put up funds. In addition funds came from the Arab Bank for Investment and Foreign Trade of Abu Dhabi, Bank Intercontinental of Paris, Arab Banking Corporation in Bahrain, Arab Libyan Tunisian Bank of Beirut, Arab Turkish Bank in Istanbul, Arab International Bank of Cairo, Banco Arabe Espanol in Madrid, Kuwait Foreign Trade Contracting Investment Company and UBAF of Paris.

Repayment to the banks will be made by Socata Leaf Tobacco of New York, which will receive 40,000 tonnes of tobacco in monthly shipments from Tekel, the Turkish state monopoly. Interest will be at 1 per cent above the London Interbank Offered Rate (Libor), and repayment will be made in one year.

According to Yavuz Canevi, deputy governor of the Central Bank, this was the first case of an export prefinancing loan in Turkey. He noted that the spread at 1 per cent was less than the 1.75 per cent Turkey has been paying on other loans. Canevi added that private banks are being urged to raise pre-export financing on the international market.

The second loan is a \$200m three-month bridging facility extended by Citibank, Morgan Guaranty and Union Banque Suisse. It is in place of two IMF tranches, one originally due in June but now due in September, and the other scheduled for October.

## CENTRAL BANK HEAD ASSESSES WORKER REMITTANCES

Istanbul HURRIYET in Turkish 29 Jun 81 pp 1, 15

[Text] Turkish Central Bank President Osman Siklar said in a special statement to HURRIYET, "Worker remittances were 1.642 billion marks in the first 5 months of the year."

"Worker remittances have never grown this much in 1 year. Despite the multiple exchange rate, they are sending their remittances to Turkey because they feel secure. Our workers are saying, 'There is a capable administration in Turkey,' and will be coming home in record numbers this year," he said.

Stating that, as a result of this trust, worker remittances would reach \$3 billion by the end of the year, the Central Bank head continued as follows:

"As opposed to worker remittances of \$586 million in the first 5 months of 1980, they were \$740 million in the first 5 months of this year. However, since 90 percent to 95 percent of our worker remittances are in German marks, it is necessary to take into account the exchange rate difference between the dollar and the mark when expressing the amount in marks. Converting these dollars into marks, we see that the DM 996 million received in the first 5 months of last year rose by 65 percent to DM 1.642 billion in the first 5 months of this year."

Stating that our workers abroad would be coming to Turkey in large numbers this summer and would be bringing large amounts of foreign exchange with them, Siklar said:

"I think that our worker citizens who will be coming home on leave in July, August and September will be exchanging money in record amounts. And there is a strong possibility in view of last year's \$2.1 billion in remittances, that worker remittances will be \$3 billion by the end of the year this year."

Following the transfer of foreign exchange to Turkey by Turkish workers in Germany and Switzerland, efforts are to begin soon for our workers in France, Belgium, the Netherlands and Austria, as well as Libya and Saudi Arabia, to be able to transfer their savings also. Siklar said the following on this topic:

"The Central Bank is now cooperating with the Dresner Bank in Germany to allow Turkish workers who have money in German banks to transfer it to Turkey, and preliminary discussions have been held with a Swiss bank on implementation of a similar system in Switzerland. Agreement in principle has been reached.

After the detailed discussions, it will be possible for worker foreign exchange held in this nation's banks to be transferred home.

"After that, efforts will begin to develop the same system with European nations such as France, Belgium, the Netherlands and Austria and such Arab nations as Libya and Saudi Arabia."

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## KOCATOPCU STRESSES IMPORTANCE OF SMALL INDUSTRY

Istanbul DUNYA in Turkish 29 Jun 81 p 1

[Text] The Kocaeli National Industrial Fair opened with ceremonies yesterday, with some 652 companies from around the country participating.

Participation in this year's Kocaeli National Industrial Fair, which will last for a month from 28 June to 28 July, is the highest ever. Especially heavily represented at the fair this year are the cable industry, the home electric appliance industry and the automotive industry. Also holding more booths this year than before are the metal and soil-based industry, the wood industry, and the machinery industry.

Kocatopcu: "Small Industry Neglected for Large Industry"

In a special statement to DUNYA to mark the opening of the Kocaeli National Industrial Fair, Industry and Technology Minister Sahap Kocatopcu pointed out that small and medium-sized industry had been neglected for large industry and, because of that, was in its present difficulties. He said:

"Small industry and organized industrial areas have great importance today. While per capita employment in small industry represents an investment of 600,000 to 700,000 liras, this starts at 5 million liras in big industry. Moreover, small industrial complexes constitute the first step toward industrialization of less developed areas. The centralization of small industry also makes for urban convenience.

"Small and medium industry has lagged behind big industry in the past 5 or 6 years. This upset the balance. Since big industry was established without concern for high capacities and exports, idle capacity has begun to occur lately.

"Meanwhile, big industry has a great abundance of unfinished projects. We are among the nations with the world's highest rate of unfinished projects. Completion of these projects would require 7 trillion [liras]. Moreover, since the credits given for projects cannot be returned, this has a negative effect on small industry."

Touching on the controversy over "inflation or employment" which has begun in Turkey, Kocatopcu said that the prevention of inflation should, after all, take precedence, that the employment problem should not be considered just a nine-to-five problem, that the roots of it lay in population growth and that it was necessary to take definite measures to prevent population growth. He continued as follows:



"When I was in Belgium in 1973, its population was 9 million; Turkey's was 19 million [as published]. Now, while Belgium's population has remained the same, Turkey's has risen to 45 million. We cannot even keep the distance, much less win the race, against nations with a stable population.

"Population is a long-term matter. Still, we cannot put off taking medium-term measures. We especially have to give priority to labor-intensive industry. For example, the Sinop Glass Industry was established with a 600,000 to 700,000-lira investment per capita. This factory now employs 600 workers and produces for export. We still have to look at industrialization from the labor-intensive standpoint."

Stressing that localized industrialization is not right from the social standpoint but that we must not fail to bear in mind the conditions of fierce competition in the world, Kocatopcu explained as follows the reasons for the Kocaeli area's having become Turkey's industrial center:

"Big industry is a whole composed of small parts. This is why, when big industry goes in, it also attracts small and medium industry."

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## NEED FOR UNEMPLOYMENT INSURANCE RAISED

Istanbul CUMHURİYET in Turkish 30 Jun 81 p 5

[Article by Yalcin Dogan in the column "Comment:" "One Requirement: Unemployment Insurance"]

[Text] On the one hand, speeches are being made and articles published in certain quarters saying, "Business is humming," while on the other hand an automobile factory is laying off 677 workers because "their amount of production is too low." On the one hand, speeches are being made saying, "we have left 2 months of hard times behind," and while certain quarters, wondering what they are supposed to do and how, are trying to get a handle on the ideas going around about "labor-intensive state investments," production of basic commodities is declining. Seasonal employment reduces worker use to the lowest level.

What happened at the automobile factory demonstrates, in fact, the point reached by the "growth myth" created in Turkey over the past 10 years. In addition to this, it stresses another point where the 24 January decisions come in. It shows the concrete result of the phenomenon long described as "random industrialization." It shows what is wrong with this industrialization. Remember, there are three separate companies in Turkey producing three separate makes of automobiles. If you combine the production capacity of all three of them, you get only 100,000 automobiles per year. Never mind one, even with all three together, you still have a capacity far below the "productivity principle" in the automotive industry.

What the technical experts say is that a prior condition for productivity and profitability in the automotive industry is to build an automobile plant from the very beginning with a capacity of at least "a few hundred thousand." That is, a single factory ought to be able to produce at least 300,000 or 400,000 automobiles per year. Only in this way can costs be kept down and foreign competition made possible. The problem was further complicated by the lack of any relationship between amounts produced and economic productivity and the obvious result of allowing anyone who came along to build "another automobile factory." For years the experts had clamored for "a single make of automobile" and did not want permits given for new factories. They were accused of being "hostile to private property" and were ignored. How interesting. The ones who conducted this sort of accusatory campaign in the past are not even embarrassed to use the same logic now.

So factories were built with low production, high costs and quality that could not compete abroad. Parallel to these factories, highway construction was stepped up, and another basic mistake was made in transportation policy. Now, while those automobiles cannot compete abroad because of inadequate quality and capacity and cannot be sold at home because of insufficient demand, the cars still on the market look as though they will be "front yard ornaments" because of the high price of gasoline. And then, the mistake in transportation policy will also be sitting there for all to see. You know, mistakes in Turkey are never recognized until we choke on them. And one of the difficulties ahead is going to be in transportation.

As unemployment, which was already widespread, is taking its place at the top of the agenda because of the "production depression," it is the state's duty to find a solution to it. To say, "business is humming," lay off employed people and stand by watching is not consistent with the duties of state. A point which even those who have supported the 24 January decisions from the outset are now slowly admitting is that unemployment is growing. There is only one solution:

Unemployment insurance.

Models are freely available in other nations as to how unemployment insurance should be implemented, and all the European countries from Germany to Sweden have expertise in unemployment insurance. All the basic conditions for a graduated unemployment insurance system exist in our country right now. Efforts ought to begin immediately for unemployment insurance which would apply to the seasonally unemployed and those who have been unable to find a job to start with as well as to those left jobless by the "production depression." If reducing production is a kind of "insurance" for a factory when demand drops and it cannot sell its goods, then unemployment insurance for those left jobless is a way of "helping them over the rough spots."

Furthermore, there is another, totally different aspect of the matter. The link between terrorism and unemployed masses. A fact which has now been in the public domain for some time is that the mass which chooses and uses terrorism as an end in itself is composed, for the most part, of the unemployed. In a democratic environment, avoiding terrorism is the same as avoiding unemployment. As work is being done at present on an "environment which can never again create 12 September conditions," one way to root out terrorism is to eliminate the link between terrorism and unemployment. Therefore, unemployment insurance gains importance from this standpoint also.

It is because of this that evaluations made from various approaches all converge at the same gate: To proceed with unemployment insurance as soon as possible...To begin applying unemployment insurance.

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## PRESIDENT RELIES ON COMMUNIST SUPPORT

Nicosia I SIMERINI in Greek 26 Jul 81 pp 1, 5

[Article by Sofronis Sofroniou: "The President's Captivity"]

[Text] I am in a position to reveal that the political abduction and captivity of President Kyprianou by Cypriot communists has been accomplished as a result of the conspiracy of certain brains. This captivity is becoming continually harder and more oppressive but Kyprianou does not seem to mind. It is in fact reported that he derives some delight from the situation he finds himself in not so much because he enjoys the role of a martyr but because he hopes that his present hardship will have a "happy ending"--the extension of his presidency by 5 more years.

Also, it does not seem to disturb Kyprianou if the new [5-year] term to which he aspires continues under conditions of a harsher captivity. The important thing to him is the title and not the reality it represents. He does not seem to be annoyed or problematized by the fact that he is and will remain a president in name only. In essence he will be a proxy or a vicar to the presidential office for the Cypriot extreme Left. It seems that President Kyprianou puts his personal interest or, better, his personal ambition above all general considerations and above the interest of the whole. It is evident, I think, that his recent spasmodic actions rather than his spasmodic but permanent inaction have only one motivation and one goal: to gain the tolerance or pleasure of the far Left in order to increase his chances to remain in power.

The recent scandalous firings of Directors General P. Kazanias and A. Adamidis and also the more scandalous suspension of teacher I. Koutsakos fall easily within this politico-personal framework. It is also characteristic that Kyprianou shows no zeal at all in laying off persons who are harming Cyprus but rather has shown immense, excessive and biased enthusiasm in laying off persons who presumably harm his person.

But in my opinion what is particularly reprehensible and dishonest in this whole affair is the fact that he fired persons whose political position is reported totally against the extreme Left and he knew therefore that his action would meet with the approval and pleasure of the Cypriot communists who, as all communists do, practice strange political and moral principles.

I do not know if the persons released are responsible for other political infractions in which case they should be tried for these and only these wrongs together with

all others accused in the past. They should not be singled out because a certain party with sinister motives so desires and they should not be punished for infractions they committed only recently according to gossip. Such condemnations by the authorities are injuring the validity of the laws thus reducing the faith of the citizens in them.

It is not a question of whether the two directors general performed their duties well or not since this has no connection at all with the case of their arbitrary dismissal. Measures were used which are insulting the justice sentiment of many Cypriot citizens. And the only ones supporting President Kyprianou in his new policy are the AKEL communists who adhere to the most unacceptable political principle that "the end justifies the means" and the equally repulsive principle that human freedom, dignity and justice can easily be sacrificed to the Moloch of a certain political theory.

Among other things, the recent layoffs tend to replace justice with rumors, gossip, whisperings, defamations, vilifications and the accusation that someone, somewhere, sometime spoke indecently about the venerable person of the president. The humiliation suffered by the presidency by such encouragement of defamation and indignity for the sake of Kyprianou's dignity is much greater than any rumored insult to his personal reputation.

Also, the coincidence of two directors general talking at the same time but in different places against the president seems to me very suspicious. It is a coincidence which tends to prove that the president was looking for an excuse to fire them for reasons unrelated to their presumable infractions.

The unethical and unconstitutional firings (in which I include the infuriating suspension of Koutsakos, a man who at least had some opinion of his own--something unique in Cyprus) also show another facet of the new presidential mentality. President Kyprianou promised or rather threatened that he would govern with vigor. It seems, however, that Kyprianou is now confusing vigor with dagger because in the case of the released persons he did not act as a dignified person but instead stabbed the two unprotected civil servants in the back without giving them a chance to defend themselves. For this reason but also because it satisfied and amused the leftists of Cyprus whose hostage is Kyprianou, the firings are a shameful affair. It is apparent--and the recent dismissals made it more so--that President Kyprianou is doing nothing anymore without first considering and calculating the AKEL reaction.

Thus, we have a weak president without punch and without true courage. A president who confuses the hasty, vindictive and AKEL-pleasing decisions with determination and vigor; who decided to play the role of an eagle but who bears the feathers and beak of a sparrow.

These truculent dismissals and the president's new captivity by AKEL will increase the political polarisation in our country. More than ever it is now clear that President Kyprianou's only concern is the destruction of the opposition from the Right, his own short-term benefit and the long-term benefit of the extreme Left.

We have a president who thinks only of the next presidential elections and cannot see further than the end of his nose for political survival; a president who carefully lays down the carpet on which the communists will walk triumphantly in



order to assume power in Cyprus; a president who thinks he practices a nonaligned policy while he is continually aligning his policy with that of the Soviet strategy; a president who raises the danger of our country becoming again (mainly because of its small size) a field for superpower competition; a president who does not hesitate to become a servant of and a toy in the hands of the communists without considering the fate of so many fellow travelers; a president who alienates Cyprus from the West without receiving anything in exchange from the East; a president who plays with fire in the Eastern Mediterranean.

If the purpose and criterion of a scientific analysis is the formulation of certain predictions, I can predict with a great degree of accuracy that President Kyprianou is not about to undertake now or at least until 1983 anything disagreeable to the communists here and abroad. He may believe or he may have persuaded himself to believe that by acting this way he carries out a dynamic policy or a policy of prudent maneuvering. But his ability to come out on top from such maneuvering is seriously doubted. His opinion, on the other hand, is in conflict with Cypriot reality, a hard and difficult reality. Undoubtedly such opinion is not unrelated to his pathological persistence and his immense desire to remain at the presidential mansion for one more 5-year term, nor is it unrelated to the fact that if he left the presidential mansion he would have nothing important to do.

But while President Kyprianou inspires no suspicion at the top, the Cypriot communists exploit effectively and inexorably the presumably calm Cypriot waters for the transformation of the country's social system. The president who does not seem to have any deeper ideological problem at all (if he had he would surely have said something about it) is apparently not concerned if at the end of his term Cyprus undergoes a complete ideological and social transformation aligned with the values of Stalin's Marxism.

Under the present Cypriot givens, this transformation must be considered certain because behind the ideological truce or ideological levity of the president and many other opportunistic Cypriot political parties, the communists are conducting a methodical and uninterrupted ideological war against all Western principles and values.

It should be noted that while most of the Cypriot leaders remain aloof ideologically, in other countries even the leftist political leaders like Willy Brandt or Francois Mitterand have clear and positive views about the Soviet type of dictatorship, about the violations of human rights in the East and West, about Afghanistan, etc. Kyprianou keeps an absolute silence on these serious matters. He does so for local political expedencies or because he is under the illusion that his silence could influence Soviet foreign policy. It is apparent that Kyprianou does not know how the Soviet Union thinks and acts.

But, besides the possible overall long-term impact of the Kyprianou presidency, his policy is also myopic from the point of view of a short-term impact, because he should know that it is not enough to count on AKEL's support only. Because if he continues to ignore all other Cypriots, to scorn and insult the sentiments of the great part of the Cypriot people--as he did in his recent dismissals--he will bring about a serious political polarization and an extremely grave opposition to his presidency.

I am convinced that to rule effectively a president does not need simply an arithmetical support in the House of Representatives or elsewhere. The opposition in a country should not be measured in figures only but also on the basis of the degree of its vehemence and intensity. In other words, if a president has 98 or even 95 percent of the people's support and if the rest of the people are deadly opposed to him (as was almost the case with Makarios), then such president cannot [sic] rule a country normally and democratically. What, that is, is important is not only how great the opposition is but also how good is its quality or better still how strong its intensity is.

I have the clear impression that the recent Kyprianou actions as well as his and his party's preelection and post-election positions are increasing dangerously the degree of the opposition's intensity against his presidency. The political temperature in Cyprus is rising dangerously. This augurs manifold dangers which the president and his small party do not seem to understand or do not take into consideration. For a country in Cyprus' location the situation is particularly alarming.

In criticizing the submission of President Kyprianou to the wishes, commands and plans of the Cypriots [communists] and, by extension, of the foreign communists I would like to point out that in my opinion the government should follow a liberal and anti-imperialistic policy on all--I repeat all--international problems for reasons of moral obligation and for reasons of practical benefits. Besides, a liberal international policy is not nor should it be presented as a monopoly of the Eastern bloc. But I also believe that the liberalism and nonaligned position of the Cypriot foreign policy should not degenerate into an anti-American or anti-Soviet attitude and harangue. Our size and location do not allow such a stand. We should, in other words, stress in a responsible way our true devotion to freedom in all countries and all social levels rather than our negative sentiments against America and Russia. We should not allow, moreover, the wickedness of a large part of the West to push us into the tyranny of the East just as President Kyprianou and his party seem to be doing so unsuspectingly and so heedlessly.

Therefore, the present submission of the president to AKEL and his voluntary abduction and captivity is strategically and tactically wrong and dangerous. President Kyprianou is today sowing winds but in the end the country will harvest storms and the innocent and politically immature Cypriot people will again pay for everything.

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## PASOK DEPUTY INTERVIEWED ON CYPRUS POLICY

Nicosia TA NEA in Greek 26 Jul 81 p 3

[Interview with PASOK Deputy Stelios Papathemelis by TA NEA: "PASOK To Initiate New Course for the Cyprus Question"]

[Text] "There is no visible indication that Turkey may change its tactics concerning the Cypriot question because it is not pressured by the side--the United States, that is--which can exert such pressure, while the conditions under which the dialogue has been going on until now have in essence changed the problem from an international to a domestic one," said PASOK Deputy Stelios Papathemelis during an interview with TA NEA. He added that "no prospects at all can be expected by the ongoing talks."

Papathemelis who is in Cyprus as a member of a bipartisan mission--which participated in the events on the occasion of the anniversary of the coup and the [Turkish] invasion--said also that PASOK has charted a specific action program concerning the Cyprus question which is part of the party's platform and which PASOK will implement when it comes to power.

In response to a question, the Greek deputy pointed out that the close ties between PASOK and the Socialist Party-United Democratic Union of the Center [EDEK] will be strengthened still further in view of the new responsibilities PASOK is about to assume as government. [The full text of the interview is as follows:]

## Greek Absence Noticeable

QUESTION: Can the conditions under which the dialogue is conducted today bring about a solution to the Cyprus problem? How can a fruitful dialogue be achieved?

ANSWER: The deadlock thus far is an indicator of future developments. The conditions under which the dialogue was conducted until now have in essence changed the problem from an international to an internal one. There is no tangible indication that Turkey will change its tactics with regard to the problem because it is not pressured by the side--the United States, that is--which can exert such pressure.

Behind Turkey there is always the American presence. Turkey plays a role of sub-imperialism. Its diplomacy is spread in the United States and various international organisations because of the noticeable Greek absence. Therefore, the way this dialogue is carried on, I do not see any prospects at all. No effective

dialogue can exist without a different Greek foreign policy, an assertive and aggressive policy against the United States.

#### The Dogma

QUESTION: What do you think of the dogma "Cyprus decides and Greece provides?"

ANSWER: Theoretically, this dogma is sound. But in practice it is an alibi used until now by the Greek governments which invented it in order to blame their mistakes on the Cypriot government.

#### PASOK Will Help

QUESTION: How can a PASOK government actively help the struggle of the Cypriot people?

ANSWER: PASOK brings the good news that it is determined to implement a foreign policy different from the one the governments of the Right have applied all these years. These governments of the Right imposed the close dependence of Greeks on the American factor and their decisions were always taken in the asphyxiating framework dictated by their obligation not to displease the United States.

#### Servants of Americans

As a result of this position, neither the foreign policy of Greece nor its internal one were formulated independently and freely and were, therefore, unable to protect effectively the Greek interests. Turkey, on the other hand, by continually blackmailing the United States was rewarded at the expense of Greek and Cypriot interests.

#### A New Course

With PASOK in power a new course will be charted in all sectors of political activity, the sovereign role of the American factor will be terminated and every Greek possibility will be fully utilized. Greece has indeed at its disposal important weapons for exercising pressure--the "omogeneia" (the Greeks) in the United States, the negotiations for our national claims and our strategic and geographic role.

#### The Cyprus File

QUESTION: All the parties and the government of Cyprus want the file concerning the betrayal of Cyprus to be made public. It is said, however, that for such an action approval by the Greek government is necessary. Shall we expect such action when PASOK assumes power?

ANSWER: As in the past, today also PASOK with the declaration of its governmental program is committed to lifting immediately the deferment in making the file of betrayal public. We believe that the opinion of the files will throw light on dark aspects of this tragedy, will reveal the role of persons and nations which, while guilty, are today circulating amongst us perhaps even claiming national distinction of merit. At long last, Hellenism everywhere is entitled to know the truth, the true history.

## PASOK and Cyprus Question

QUESTION: Has PASOK prepared a specific program of action concerning the Cyprus question which it will implement when it assumes power?

ANSWER: Of course it has. It is a whole chapter in the governmental program, of the "proposal of power," that is, PASOK has addressed to the Greek people in view of the forthcoming elections. This program has already been published and in a few days will be available to all complete in a volume.

## "The Right Will Be Retired"

QUESTION: How do you see the coming elections?

ANSWER: We are already convinced that the Greek people have decided to retire irrevocably the Right. The signs from all over the land lead to a remarkable PASOK victory.

Large masses who for years voted the Right front have now shifted. The demand for change is widespread and no crafty plans the Right knows and has used are about the change the result.

## PASOK-EDEK Ties

QUESTION: What are the ties between PASOK and EDEK?

ANSWER: As is known, PASOK and EDEK have close and fraternal ties which will be strengthened still further in view of the new responsibilities we are about to shoulder as government.

## Message of Living Hope to Cyprus

Finally, in a message to the people of Cyprus, Papathanassis stated: "I am deeply touched being in Cyprus these days. I know that words are worthless but by intuition and political esteem I am entitled to pass on to the Greek Cypriots a message of living hope that if they maintain the unity of their internal front firm and their struggling spirit high, then the anticipated change in Greece will have a rapid impact on their own future. United all, for an independent, free, unitary and sovereign Cyprus."

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## LACK OF POLITICAL DECISIONS FAVORS TURKISH SIDE

Nicosia I SIMERINI in Greek 12 Jul 81 p 16

[Text] In a speech two nights ago on the prospects concerning Famagusta during the present phase of the Cyprus problem, Konstandinos Lordos, a Democratic Rally [Party] deputy and president of the Famagusta Refugee Movement [KPE], said that "in no way should the agreed upon priority for Famagusta be abandoned" and pointed out that as long as our side continues to remain without political decisions all efforts for progress on the Cyprus question are doomed to failure. Lordos spoke during a banquet KPE gave at the "Avenita" (of Famagusta) in Limassol and which was attended by 400 members and KPE friends.

In his speech, Lordos gave the background of the Cyprus problem since 1974 and underlined that "lack of goals and political decisions on the part of the Cypriot side has created a whole series of lost opportunities." Referring to the western plan he said that it is evident it was not drafted accidentally by the countries which proposed it and that the Turkish side was at that time under pressure to accept it.

Lordos then referred to President Kyprianou's contention that if again we reach an impasse it will be because of the Turkish intransigence. He pointed out that this intransigence constitutes an integral and well-planned part of the Turkish policy on the Cyprus question--a policy aiming at perpetuating the present de facto situation and at legalizing the invasion results. He then suggested that the Greek side should avoid such intransigencies as it has in the past since this is exactly the role the Turkish side wants it to play. On the contrary, in order to save its vital interests, the Cypriot side should counterpropose firm and sound positions for a solution of the Cyprus question based on an independent, sovereign and federated state with full guarantees of human rights. To formulate such positions "it is necessary to take a number of important decisions which the government," Lordos said, "has avoided taking for years now with the result that the Cyprus question is retrogressing. It is for this reason that many are today wondering if the government shoutings about Turkish intransigence aim at covering the weakness of our side."

Lordos referred to the new turn the inter-communal talks are taking toward a total solution and the Famagusta status and pointed out that in no way should the agreed priority on Famagusta be abandoned. He added that the UN secretary general appears ready now to play a more active role in helping the talks.

But all foreign efforts for progress are doomed to failure as long as our side continues to lack the necessary political decisions, the absence of which strengthens the Turkish side's handling [of the issue].

## CHEYSSON'S DISCUSSIONS WITH ALGERIA REVIEWED

PM211215 Paris LE MONDE in French 11 Aug 81 p 4

[Dispatch by Francoise Chipaux: "Visit to Algiers Brought Shining Demonstration of Friendship"]

[Text] Algiers--Mr Cheysson's visit to Algiers undoubtedly marks a new departure in Franco-Algerian relations. Although these relations had already improved markedly after [former French Foreign Minister] Francois-Poncet's two visits to Algiers and Algerian Foreign Minister Benyahia's visit to France, the predominant feeling after the external relations minister's short visit is that a new climate henceforth characterizes relations between the two countries. In each of his speeches Mr Cheysson was anxious to stress that they had "the same lines and very similar political views."

Moreover this new departure will be very quickly illustrated by a meeting between the Algerian and French presidents which is due to take place in November. Mr Mitterrand has agreed to visit Algiers while issuing an invitation to President Bendjedid in turn, which would then be the first visit to France by an Algerian head of state. According to protocol it should be Mr Bendjedid who visits Paris to return Mr Giscard d'Estaing's visit to Algeria. However, the Algerian president himself will choose the location of the meeting--a mark of consideration of which the Algerians are certainly conscious.

Another sign of this new atmosphere was the exceptional warmth of the 3 and 1/2-hour meeting which Mr Cheysson had with President Bendjedid. The two men were able to discuss bilateral and international problems in detail. "There is no other neighbor with whom we have so few disagreements," Mr Cheysson stressed.

Three bilateral issues were discussed. With regard to emigration, Mr Cheysson recalled that although France could not accept any more immigrant workers at present, every effort would be made to improve the lot of those who "have contributed to France's economic growth and therefore have a sacred right to remain there and work there if they wish." "France," the minister continued, "has a sacred debt to them and we will not allow irresponsible elements to discriminate against them in any way. That will not happen again."

## Right to Vote for Immigrants in Municipal Elections?

Mr Cheysson emphasized the efforts being made to improve the lot of the 800,000 Algerian workers in France, such as teaching Arabic to the children, the right to form associations, regularizing the illegal immigrants and, finally, immigrants' right to take part in local life. In this connection the minister stated that a bill could be submitted to Parliament shortly under which immigrants who have been living in France for a long time will have the right to vote in local elections. The Algerians say they are "completely satisfied" with the measures being taken for their migrants and are convinced that their problems will henceforth be examined with the utmost good will.

With regard to the dispute between Gaz de France and [Algeria's] National Company for the transport and marketing of hydrocarbons over the price of gas--which the Algerians want to link to the oil price--the two sides agreed to pursue the discussion at the political level. "We must go beyond the arguments of the technical experts and find solutions which respect Algerian policy and satisfy France," Mr Cheysson said, and he asserted that the ground should be cleared for an agreement before the Franco-Algerian summit meeting.

The third point in the bilateral discussions, which was apparently raised by the Algerians, was the question of handing back to Algeria the archives moved when independence was granted and which are kept in Aix-en-Provence. On this question Mr Cheysson said that very rapid progress could be made which, according to the French delegation, means that an agreement could be reached on the section of the archives which are not political in nature.

However, the main part of the conversation between Mr Bendjedid and Mr Cheysson related to international questions on which, as the external relations minister stressed, socialist France and Algeria have "remarkably similar analyses and motivation." Indeed there seems to be complete agreement on the North-South dialogue, Africa and the analysis of the situation in Central America--from where the French minister has just returned--and the Algerians seemed very satisfied with the rapprochement in viewpoints "which makes possible a more open and direct dialogue than in the past."

## "We Understand the Palestinians' Fight"

Attention was mainly concentrated on two international questions: the West Sahara--a subject on which France "is much more guarded than Algeria because it is not part of the region," Mr Cheysson said--and the Near East, on which the French minister spoke of "slight" differences between Algiers and Paris.

On the Sahara question Mr Cheysson implicitly confirmed the role played by France in securing King Hassan II's acceptance of a referendum. Indeed the external relations minister hinted that a Moroccan refusal "would have caused a very serious dispute between Morocco and France." He reaffirmed his full support for the Nairobi resolution on "a self-determination referendum," a term opposed by Rabat, while stating that France would be prepared to contribute to a settlement of the conflict "if all sides requested it to do so." Therefore the French position seems to have every chance of being better understood in Algiers than in Rabat.

On the Near East, on the other hand, there seems to be more than just slight differences of opinion between Paris and Algiers. Mr Cheysson repeated: "France has friends on both sides, which it intends to keep, and this," he said, "may enable us to play a role in the future." Although Paris and Algiers agree on the need for an all-embracing settlement on the problem, "France," Mr Cheysson said, "recognizes that any progress is a good thing and, in this sense, Camp David was progress." However, emphasizing the common destiny which unites the Mediterranean peoples, the French minister called on Arabs, Israelis and Europeans to agree on sending "the superpowers to play elsewhere."

Mr Cheysson recalled the need for a state structure for the Palestinians "whose fight we socialists understand and respect."

He condemned "the intolerable nature of the occupation of some territories by force" and the unilateral modification of Jerusalem's status. But "the Palestinian people's right goes hand in hand with respect for the state of Israel," the minister concluded, but his words, widely broadcast on Algerian television, are likely to be interpreted differently in Israel.

The French statements on the Near East apparently did not entirely convince the Algerian leaders, who are awaiting with interest the discussions which Mr Cheysson will have in Jordan, Syria and Lebanon before the end of this month.

Finally the external relations minister made a point of thanking Algeria for the "friendly gesture" of its ambassador to Tehran who openly visited the French ambassador while a hostile demonstration was being staged outside the embassy. Mr Cheysson said he appreciated that gesture--an additional symbol of the new spirit of Franco-Algerian relations.

In addition to the statements the most important aspect of this trip is Paris' striking demonstration of friendship toward Algiers. As Mr Cheysson said many times: There is a considerable store of friendship between France and Algeria and nothing further should be allowed to cloud Franco-Algerian relations. Speaking of a "surge of strong emotion" between socialist France and Algeria, Mr Cheysson felt able to say that the creation of a new socialist majority in France could mark the end of the Algerian war" in people's minds." [apparent line drop] Now seems to be Paris preferential interlocutor in North Africa. In the "scale of affection," to cite a ministerial expression, it is clear that Rabat is in a lower position although the Algerians, whom past decisions have rendered cautious, are waiting until the hopes aroused by the visit take concrete shape before judging the extent of the change.

CSO: 3100/922

## NEW AFRICAN POLICY PERMITS LITTLE ROOM TO MANEUVER

PM211433 Paris LE MONDE in French 19 Aug 81 p 3

[Report by Jean-Claude Pomonti: "Paris Has Very Little Room to Maneuver for Its New African Policy"]

[Text] Jean-Pierre Cot, minister-delegate for cooperation and development, who returned to Paris Sunday, 16 August, after a visit to Cameroon, Ghana and Senegal, is going back to the black continent Thursday for a 3-day official visit to Nigeria. These visits, and the recent African tour by Guy Penne and Regis Debray, two Elysee advisers, stress the importance Paris attaches to sub-Saharan Africa.

"The aim is to decolonialize our relations with Africa, which had been gradually recolonialized. There are similar intentions behind our development strategy and that of the Africans, which is close to it. But it is not easy to move from rhetoric to politics," Jean-Pierre Cot said in particular Monday after his return to Paris. While remaining attached to the principles which they upheld during the election campaign, the Socialists, after 3 months of everyday experience of black Africa, seem to be making a more accurate assessment of a continent whose development has given trouble to all French Governments since World War II. But changing course and redefining relations between Paris and its former sub-Saharan possessions is a difficult and prolonged affair.

The first observation to be made is that Mr Mitterrand has the "African bug," just as much as his predecessor, whom the Socialists criticized for his "unscrupulous" and "reactionary" view of cooperation and for his "blunders." There is, therefore, no question of withdrawing into France. The Elysee proved that at the start of the 7-year term by taking care to restore trustful relations with heads of state received in Paris or to whom members of the French Government and presidential advisers paid visits.

Starting from new bases, the French Socialists persuaded their African partners that they will not "drop" them. Paris even advocates the "strengthening" of "preferential relations" and, to cite another statement by the minister-delegate for cooperation and development, does not intend to dash "the hope raised by the accession of a socialist government in France."

The second observation to be made is that an effort has been made to deal with urgent matters first so as to avert crisis which are a constant possibility,



especially insoluble situations, such as the one in Chad. Paris no longer wants to supply "Praetorian guards," like the one still protecting the Central African president, but has decided to maintain the "Barracuda" contingent in Central Africa--by taking steps to ensure that this military presence is less obvious--and has used the good officers of Gabon President Bongo, a personal friend of Mr Dacko, to persuade the latter to adopt a more flexible attitude toward his adversaries (authorization of two opposition political parties and the lifting of martial law).

Dialogue has been reopened with the Chadian authorities under the cover of the OAU resolutions. Elysee adviser Guy Penne met with President Goukouni Oueddei in Libreville while Ambassador Campreghon went to Ndjamena to study the conditions for a resumption of French aid.

Hissein Habre, who probably still enjoys support in Ciara and Khartoum, can hope for nothing from a French Government which, moreover, has never given him the slightest encouragement.

### Removing Apprehensions

Aside from this, the Socialists have spent most of their time removing apprehensions, whether justified or not. Contracts will be honored. The open approach to English- and Portuguese-speaking states will be continued. Participation in negotiations on the Namibian conflict will be maintained. The Senegalese military intervention in Gambia received the Elysee's support. President Mobutu does not enjoy the Socialists' favors, chiefly because of his methods of government, and the task of hosting the next Franco-African summit has been withdrawn from him (it is scheduled to be held in Paris at the beginning of November). Nonetheless Mr Penne is to visit the Zairian head of state and, more importantly, the French have temporarily decided to leave at Kinshasa's disposal the 80 or so officers and junior officers who lead the 31st Zairian paratroop brigade--a crack unit in an army otherwise regarded as one of the most mediocre in the region.

Dealing with urgent matters first does not constitute the outline of a new policy. Africa is not simply suffering from "recolonization," as the Socialists assert. After 20 years of independence it is suffering from other ills. It is possible to dream of a stabilized Central African Republic with a political regime peacefully running a rather healthier economy--unfortunately experience has shown that the legacy of the former "junior officers" in the colonial forces who seized power and promoted themselves to the rank of marshal--emperor--by virtue of their machineguns alone has left young states which are inadequately administered, exhausted and unstable. Uganda is out of control and the Central African Republic would be doomed to an identical fate if Paris was not paying its civil servants or if it withdrew troops which guarantee the safety of the expatriates and aid workers without whom the country would probably be in a state of anarchy or would fall into the hands of a powerful Libyan, Cuban or Soviet "protector."

Chad, where Mr Mitterrand's predecessors met with so much disappointment, remains a fearful trap. Colonel al-Qadhafi, future host of the OAU summit of which he will assume the annual chairmanship in July 1982, is at present doing his best to allay the fears of his African colleagues but he is not withdrawing his troops from Chad. In these conditions a positive reply to the Ndjamena authorities'

requests that Paris should take charge of equipping and training a new Chadian Army would be a major risk in view of the doubtful benefits which the job could be expected to produce. Mr Cot seems to have felt that, since he stated Monday that it would be "extremely difficult to envisage military cooperation between France and Chad after all that has happened." In addition the Chadians want their army to be trained in neighboring Cameroon, but it is difficult to imagine that President Ahidjo would offer hospitality to their forces, thus becoming caught up in a conflict in which he has always prudently avoided involvement.

The French Socialists seem to have become aware of the double dimension of the African problem. On the one hand, aside from a few rare exceptions, young states are doomed to adapt to the rough and ready compromises of colonial balkanization and to an environment ruined by ecological damage, the upheavals of urbanization, poor administration, the population explosion, the fall in food production and in some cases even the impossibility of exploiting mineral wealth. On the other hand the vital support of non-African powers and former mother countries is not free from dangers of interference or the transfer of decisionmaking centers.

When a new team comes to power it naturally judges that the previous team failed because its intentions and methods were bad. "In cooperation," Mr Cot said, "the problem is not the legal framework but the content." It remains to be seen whether it is possible, with the very best intentions, to reconcile an extension of cooperation with the feeling, whether justified or not, that the third world needs to move away from the great powers.

Africa's prophets, like Nkrumah, its moral authorities, like President Nyerere of Tanzania and its orators--President Sekou Toure of Guinea--have all ruined their respective countries in their own ways. Despite the initial enthusiasm which stemmed from gaining independence, Pan-Africanism has still not found the means of realizing its ambition. Owing to its inadequate administration and centuries of bondage, black Africa is still the continent of elementary politics because it does not always succeed in integrating the vast upheavals taking place. This failure of grand designs contrasts with the relative success of men who have chosen the policy of gradual progress like President Houphouet-Boigny in the Ivory Coast or, formerly, Jomo Kenyatta in Kenya.

The mistakes of French policy in Chad and the scandalous support given for so long to Marshal Bokassa, the bloodthirsty clown of Bangui, must not hide the obstacles which would necessarily face the start of a "developing strategy." Before leaving Dakar last weekend Mr Cot had cautiously stated that "France does not have the means of guaranteeing high and significant public aid for the whole of Africa" and that it must "concentrate its efforts on its traditional friends" while "aiming to be a dynamic and driving force on the European side in the framework of European-African cooperation." Indeed this seems to be a reasonable framework for intervention.

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## PASOK ECONOMIC POLICY ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 30, 23 Jul 81 p 15

[Article by Petros Lynardos-Rylmon]

[Text] One of the most interesting aspects of PASOK's "Declaration of Governmental Policy" is the effort to work out measures and processes which will combine the overall strategy with the solution of the immediate economic and social problems. On the other hand, another significant point derived from the text of the declaration is that the socialist orientation which characterized this party from the beginning has not been abandoned and that regardless of any views on the quality or the viability of PASOK's special policies it is possible to discuss them in this strategic and ideological framework.

It is not just an accident that around this unity of short-term and long-term goals, the "unity of steps, changes and goals"--to quote the declaration--the basic thinking on the economic and political level are evolved and most difficulties appear. Not only because in today's special conditions an economic program with structural goals is not an easy matter, but also because such an orientation is associated with problems of choosing the agencies and the directions which will express the social priorities required by a socialist transformation.

#### Inflation and Recession

The PASOK Declaration includes the following theses on the crucial question of dealing with inflation, economic recession and the lowering of the standard of living: "The policy of dealing with inflation and of extricating the economy from the recession will be based primarily on the strengthening of commerce and production through the expansion of the purchasing power of the low income classes. The policy supports those who basically consume staple domestic products, while at the same time it contributes to the redistribution of income. Through this redistribution also, the senseless consumption of imported luxury products and the outflow of foreign exchange slows down with immediate positive effects on the balance of payments. A radical policy against the deficit in the balance of payments, in addition to the necessary measures on the imports, requires the strengthening and restructuring of high yield investments which in turn create new employment."

In this extremely important excerpt--which should have been spelled out in greater detail--we find some of the most substantial positions on the problems a PASOK government will face.

First of all, we must underline the specific position that the purchasing power of the lower income classes will be strengthened. Moreover, this measure is associated with an increase in production and with the problem of the balance of payments. These are two connections which require a more detailed analysis.

The view that the strengthening of domestic consumption may lead to an overall rise in production because those who consume domestic staples will be strengthened is in danger of turning into an oversimplification because it starts from the premise that the recession is directly related to the slowdown in domestic demand. But when after 1974 the wages and salaries were considerably increased compared to the previous years and so the consumption was strengthened, the domestic industrial production did not register but a brief rise. Instead it came to the current recession through an inflation of profits which could not but lead to a reduction of the purchasing power. In other words, we did not have a slowdown in production because of reduced demand but an inflationary reaction to the increased cost of production resulting from an improvement of wages and salaries, when the production structure did not register a significant change because of the stagnation of investments.

Another simplification is the thesis that the consumption of the low income groups is associated with domestic production and that, consequently, an increase in demand for its products will have favorable effects on the balance of payments because it will lead to a redistribution of incomes which will restrain the "senseless consumption of imported luxury items." The experience of the last few years shows, instead, that an increase of peoples' incomes at the lower brackets which is not accompanied by a restructuring of production capable of absorbing not only the increased production costs but also the increase in consumption needs, led to an expansion of the deficit in the balance of payments since the problem of dependence on imports is not limited to an increase in the consumption of luxury items. In a series of consumption branches, with those of durables being the most characteristic, the dependence on imports is due to the structural needs of the marketplace for the purchase of capital and intermediate goods from abroad and also to the considerable quantities of imports which are offered in sufficient quantities and in acceptable quality by the domestic market.

Therefore, if an increase of the purchasing power of the lower income groups and the simultaneous strengthening of production is considered necessary, such a policy will require additional steps and directions of economic policy both in the sector of investment and in the sector of foreign trade which are mentioned only briefly in the above excerpt from the PASOK Declaration.

One can foresee that an increase in domestic demand will give some push to certain domestic branches. But in an overall sense, it will be necessary to take investment initiatives which will begin to free the production structure from the burden of private profits and from dependence on imports. The Greek economy indeed has the resources--human, material and monetary--needed for an investment program for the immediate creation of units which will assure an increasing and satisfactory



[production] to meet a significant portion of the popular consumption needs; and which, compared to the present production structure, will be characterized by increased productivity and a limited dependence on the import of intermediate products primarily but also of capital equipment. But the main problem for the implementation of such an orientation does not come from the area of resources or the necessary technology. What is necessary is to clarify the continuing uncertainty concerning the agencies which will be able to undertake this task. To wait for private entrepreneurs to undertake such investment activities following a strengthening of demand and thereby a strengthening of production is a sheer self-delusion if the recent and current experience is taken into account. But if, as PASOK declares, it is necessary to "socialize" the basic sectors of the economy, the major gap of such a program concerns the specific content of investment initiatives based on social criteria.

The excerpt quoted above contains a brief sentence "for the necessary measures concerning imports" with regard to the deficit in the balance of payments and in conjunction with the "strengthening and restructuring of high yield investments." It is necessary at this point to examine specifically what measures should be adopted on imports but also the overall orientation of which they will be a part. Because in the event some protection of domestic production is carried out in expectation of some domestically initiated developmental process, it may turn out to be a factor in retaining the current production structure and consequently of the low standard of living of the lower classes. On the other hand, some protection, combined with the decisive investment initiatives we mentioned, may become a determining factor for the improvement both of productivity and a higher standard of living.

#### Socialization

"The socialization of the strategic sectors of our economy," the PASOK Declaration goes on, "and especially the first immediate measure of the socialization of the credit system, of the banks, will free and mobilize the tremendous forces of private initiative, the small to medium [businessmen], in the direction of development, while at the same time, it becomes a binding step in the march toward the 'Socialist Transformation.' The development of the cooperative form of organization transforms the productive relationships...while at the same time it lowers the cost of production and eliminates the middlemen, thus contributing to the relief of the consumer."

With regard to this delicate and difficult question of the small to middle [businessmen], the [PASOK] prescription is extremely brief and leaves many unanswered questions. It must be underlined, however, that PASOK's orientation with regard to the small to middle-sized enterprises--both farming and non-farming--leans increasingly toward a strategy of cooperatives which constitutes a very interesting response to the question of increasing the productivity of those sectors and of raising the standard of living in general. In his interview with [the newspaper] VIMA (26 April 1981) Andreas Papandreou referred to favorable measures for collective purchases of raw materials, credits and sales. However, this is a strategy which is set side by side with the liberation and mobilization "of the tremendous forces of private initiative, the small to medium [businessmen]" which leads in the opposite direction. Just as in the case of strengthening



production through the strengthening of demand, the charting of a socialist orientation coexists with theses which show confidence in clearly capitalistic processes and, indeed, primitively capitalistic in this case.

The existence of an extensive sector of the small to medium-sized enterprises, some of which are far from being productive, and in the case when they are not necessarily oriented toward the kind of productive activities which are socially desirable, it is difficult to consider them as a blessing for the socialist transformation. It is also difficult to imagine a decisive improvement in the living conditions of Greek society if we perpetrate those features which during the last 30-year development period were a significant factor of the wasteful use of resources, continuation of dependence and the keeping of wages at low levels.

It is not easy to foresee to what extent PASOK will clarify these problems of its economic policy. What is rather certain is that the prospects of socialist transformation will face serious obstacles unless the social practice and the critical thinking succeed in giving more concrete answers to those questions which in essence affect not merely a party's platform but the very future of a society.

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CSO: 4621/69

## PASOK PLATFORM, KKE POSITIONS ANALYZED

Athens TO VIMA in Greek 26 Jul 81 p 9

[Article by Spyros Linardatos]

[Text] The heating up of the political and ideological conflict, as the day of the election comes closer, does not involve the two major parties only (see 19 July article in VIMA), but is also evident within the ranks of the opposition itself. PASOK in the resolution passed by the Eighth Congress of its Central Committee declared that:

"It has no intention during the election campaign of opening a confrontation with other parties of the democratic opposition. Under current conditions, a many-fronted struggle is serving and even offering a life-line to the Right."

PASOK, in the same resolution, declares that even in its political contest with the Right it intends to contribute to maintaining the mild political climate during the preelection phase. This means that:

"The political contest and confrontation may and should be carried out without personalized insults, without using any devious means or blind and sterile fanaticism."

The governmental declaration made public by PASOK is a significant political event, not only because it clarifies the views of the larger opposition party on crucial national, economic and social issues but also because--although many points need to be made specific (the program of the first hundred days is being expected soon)--it contributes to crystalizing PASOK's profile which is relatively new on the country's political stage. Although other sides have not yet offered a systematic criticism of the [PASOK] platform, already some of its theses, declarations and goals have caused reactions in other opposition parties. To begin with [PASOK's] thesis for going it alone in the forthcoming election is opposed not only by the two Communist Parties [KKE] but also by the Democratic Center Union [EDIK].

More specifically, the response to PASOK's declared line on "national popular unity" and coalescence of all anti-Right forces naturally causes the reaction of the other opposition parties and especially of the two KKE's. KKE, with the slogan that real change cannot be achieved without its contribution, and with its goal

[178] to participate in the second distribution of votes (an impossibility in the general view, even in the opinion of its leadership) has launched a real contest with PASOK in an effort to win over voters of the broader Left. In reality, however, the main obstacle to this [KKE] goal is not only the trend toward PASOK, not only the notion of the "wasted vote" which affects even members of the traditional Left in most electoral districts, but also the very political line of the "orthodox" communist leadership. Questions of principle but also of political realism, i.e., the understanding of the problems that may be created should KKE align itself with the Soviet Union on all international questions (Afghanistan, Poland, Greek-Turkish disputes) as well as its anti-democratic intraparty regime and its bigotry against all other shades of the Left (such as the recent wild attacks not only against the Greek "revisionists" but even against the French Socialist Party) turns away from KKE thousands of communists and leftists who would like to see the unity of the communist movement in our country and cooperate with KKE.

One of the basic arguments [invoked] by KKE on the necessity of receiving stronger popular support "as a guarantee for the Change" is the claim that it represents the working class. KKE-Interior has adopted, on its part, the same argument in its opposition to PASOK's tactic for the coalescence of all anti-Right forces under its banner. In a recent speech at Kalogreza, KKE-Int. parliamentary spokesmen L. Kyrkos said in part:

"PASOK wants to bring about this unification under its banner in order to impose on the working class the hegemony of other forces."

One may say that the claim that one party has a monopoly as the spokesman of the working class is obsolete ("in Greece you are what you declare you are" but this does not mean that you really are what you say you are especially in politics). There are numerous political and theoretical communist documents--Soviet, French, Italian, etc.--which admit that the socialist parties, too, represent the working class. PASOK itself does not merely claim to be the vanguard of the working class in the struggle for "the democratic way to socialism with secure freedoms and a human face" (resolution of the Eighth Congress). It declares that it is the party of the "nonprivileged Greeks."

One may express his disagreement--political or theoretical--with PASOK's theses on charting the course toward change. Of course, KKE and KKE-Int. are free to make every effort to emerge stronger in the coming election. It is also their right to believe that an electoral and governmental coalition of the forces seeking socialism is necessary. But it is also PASOK's right to believe that an electoral cooperation with the communist parties is not the best tactic and does not correspond to the Greek conditions and the international circumstances at this point.

Is it not true that the "existing power centers" constitute important factors that must be taken into account by a party, especially when it is about to come to power, in charting its course? Is this a reason for launching accusations against it that it does not want the change but only a change of persons (KKE) or that it makes concessions to the Right (KKE-Int.)? Does a party, especially a "renewal" party [i.e., KKE-Int.] contribute in this way to cultivating the

future of the "national and democratic cooperation" especially when PASOK has long since abandoned its unjust attacks ("a tail of the Right," etc.) against other parties of the Left?

#### Argument Concerning 1964

Another argument used by KKE but also by KKE-Int. against the PASOK [electoral] tactic is related to the precedent of 1964:

"Those old enough remember," Khar. Florakis said while speaking on 8 July to a Greek Communist Youth [KNE] gathering, "that in the past the Right lost its parliamentary majority but the country saw no change." In his speech in Volos on 13 July, he repeated: "This is why KKE regards the view 'Let us get the Right out of power and then we will see what next' harmful and a trap for the people. The Right was put out in 1964 but nothing happened."

First of all, it is inaccurate to say that "nothing happened." A lot happened (maybe not as much as could have) on the way to restoring a modern parliamentary democracy and tearing down the one-party state, for a more Greek-oriented and more progressive education, a more Greek-oriented foreign policy, a more pro-people economic policy and other. If the two KKE's now imply that the 1963-65 interval was so short because the Center Party did not agree to cooperate with the Left "from above" (the unity at the base was already a fact) and that George Papandreu continued the "two-front" fight, they oversimplify matters and commit a glaring error. The Center Union government was overthrown so soon because, thanks to the errors of the Left as well, the Greek and foreign para-centers of power, visible and hidden, were too strong in Greece, because the Center itself committed errors and because [the Center government] had in itself the seeds of its own dissolution. A cooperation "from above" between George Papandreu then and the Left would only have sped up his downfall.

In its governmental declaration PASOK has noted certain significant steps toward a more specific definition of its policy in certain crucial sectors, such as the national questions for example. [PASOK] presents a more European orientation and in some of its pronouncements comes close to those of the Euro-communist parties or of our KKE-Int. and EDA (before they tried, especially the first one, to turn to "the Left" and outflank KKE). One such illustration is the placing of PASOK's goal for the withdrawal from NATO in the context of "a basic strategic orientation" for the "dissolution of the two cold-war blocs." Moreover, it repeats its thesis on a transitional stage of "insulating" the question of the American bases. [PASOK] gets the more acute criticism on these points by KKE and now also by KKE-Int. (see speech by K. Filinis, I AVGI, 23 July).

In his speech in Volos, Khar. Florakis, defining in advance and indirectly the criticism KKE is planning to level against PASOK in the event this party comes to power, said in part:

"A change in Greece means above all beating down the 'Americanocracy'(...) The goals for throwing out the bases and the nuclear weapons and for taking Greece out of NATO Cannot be postponed forever, and they must not be subject to new horse-trading(...) A democratic government must solve these major problems. This will be the first serious act in the national renewal of Greece..."

At this moment, western countries, such as France which is much stronger than Greece, and eastern countries, such as Poland, in order to assure a course uninterrupted as much as possible by foreign reactions toward social and economic changes, are trying to disentangle their domestic developments from the feud of the two camps. President Mitterand who rejected with national pride and dignity the American complaints about the participation of communists in the French government, hastened to assure Washington that France remains a faithful ally of the United States. The French communist leaders themselves signed the agreement of the two parties, which provides:

"...France's international activity--in the context of respect for its alliances--for peace and gradual disarmament leading to the simultaneous dissolution of the two camps, assuring the balance of power in Europe and in the world..."

[The communist leaders] also signed the declarations on Afghanistan, Poland, EEC, etc. Moreover, the same policy of respect for the alliances of their countries and the balance [between the two camps] has long been adopted for the same reason by the other European communist parties, led by the major one, the Italian party. However, our orthodox KKE, followed now in this by the KKE-Int., insists that the question of change in Greece must be entangled in the feud of the camps which means that it must be relegated to the Greek calends or rather the cold war morgue of expectations. Is not this [thesis] a self-exclusion of KKE especially from any possible participation in a governmental majority even when such conditions emerge, even regardless of any intention of PASOK or of any other party?

Certainly in Greece there exists special sensitivity and many complaints against NATO which are mentioned also in the PASOK declaration of governmental policy (role in the dictatorship and in the Cyprus coup of certain leading factors in the alliance, current attitude toward the threats from Ankara, etc.). But is this a reason for us to subject every socio-political change in Greece to the solution of those problems which, as both Communist Parties admit, are so difficult to solve?

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CSO: 4621/64



## PASOK GAINING ELECTORAL SUPPORT

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 28, 9 Jul 81 p 71

[Text] While the tone becomes more acute and the political acrimony between the two major parties more heated and as the election day approaches, the strength of support in the electorate for New Democracy and PASOK does not seem to have changed, according to the assessments of foreign observers. PASOK is expected to gain first place but the possibilities also increase that it will not be able to form a self-sustaining government [with its own majority in parliament].

According to the more recent--early June--U.S. report on the Greek election, the assessment of the appropriate U.S. circles is that Andreas Papandreu will be able to get more than 40 percent [of the vote], reaching 42 percent. This will amount to an increase of more than 15 percent compared to the 1977 election.

On the other hand, the same reports see shrinking of New Democracy to 34-35 percent and an increase of the Communist Party [electoral] support to 14 percent.

The report allocates as follows the remaining percentages. Markexinis (classified in the report as Extreme Right), 4 percent, and a fluctuation of from 0.5 to 2 percent in the Center camp and KODISO, EDIK and KKE-Int.

Two basic comments in the report note, with regard to the two major parties, that a) the PASOK electoral percentage will not be formed by PASOK followers but also by a "protest vote" to the policies of New Democracy. b) An essential element in generating a negative current toward the government camp, at the last moment, were certain actions or measures which lately hurt a family's budget (electricity rates, tax collections).

The new U.S. projections, which lately are being formulated monthly and are based on data gathered by the American Embassy in Athens, show within the last 12 months a significant change in the "factors" which affect the Greek elections in comparison to the American Consulting Agency BERI (Business Environment Risk Index) on Greece of a year ago. The study had been published by O OIKONOMIKOS TAKHYDROMOS. [Editor's note: The studies were made by the agency for banks with multinational activities and evaluated the risks possibly facing specific investments of large sums in certain countries.]

According to the BERI report, the "opposition party will increase its seats [in parliament] from the present 93 to 115." In more detail, the BERI projections

for the coming election are: New Democracy, 140 seats, PASOK, 115, KKE, 20, the Extreme Right (under any form), 5 seats. The remaining 20 seats, with the reservation of not giving precise distribution (in any event, it does not give them to either PASOK or ND), the report leaves to centrist political formations, to independents and "others."

The EERI report contains an interesting observation which will affect the result of the coming election regardless of which forecast will eventually prove correct. The observation is that "the move of K. Karamanlis to the presidency of the republic was a tactical error on his part because it favored PASOK."

#### Foreign Policy

The leaders of the two parties have limited to foreign issues the intense to acute confrontation between ND and PASOK, which has taken a strongly electoral character since less than 100 days remain before the election. This is something the OIKONOMIKOS TAKTYDROMOS has predicted in somewhat innocent times when it also identified the reasons which led both parties to concentrate on this area [of foreign policy].

"PASOK"--we had noted--"has an advantage in its fight against the government, in the quality of the possibilities the government itself with its errors and tactics offers to Papandreou. On the other hand, the economic problem--which has replaced the traditional ideological 'credo' in the thinking of many voters and which certainly will become a decisive factor in the coming election--is so critical today in our country that even though it gives Papandreou splendid material to conduct his opposition, it also causes understandable worries for Papandreou especially as he sees the possibility of coming to power getting better... The people with regard to the current economic condition, whose effects they feel in their wallets, want to be sure that the antidote will be effective. But this may entail restrictions on specific measures, which Papandreou realistically may want to avoid at this stage at least with the current economic uncertainty. On the basis of this reasoning, PASOK appears to prefer a clash on foreign policy questions..." We added then: "The government, too, appears to prefer the clash on the foreign policy questions..."

Indeed, the government, in statements by the premier, placed the foreign policy questions at the very center of the forthcoming electoral confrontation because "PASOK foreign policies change the entire complex of life for the Greeks."

#### Affirmation?

But Papandreou, too, places his feud with the government continuously in the foreign sector, to the point of demanding a debate in the Chamber of Deputies. Papandreou raised--and at every opportunity he continues to raise--a series of questions concerning relations with the U.S., NATO, Turkey. Speaking on the latter, Papandreou said: "I am asking the premier: Did he reduce the terminal area of Limnos, yes or no? Did he abolish the artillery range in the Aegean, yes or no? Did he reduce the side of air corridors in the Aegean to facilitate the Turkish Air Force, yes or no? Did he offer new air corridors to the Turkish Air Force? What steps did the government take when recently during a NATO exercise in the

Aegean the role of the Greek Air Force from Limnos was not recognized? Is it true or not that with the Rodgers Agreement and especially with the projected establishment of the Larisa headquarters the limits of the Athens FIR no longer coincide with the limits of the Greek operational control over the Aegean air space?

The reply to these questions exists...in the Christmas issue of O OIKONOMIKOS TAKHYDROMOS where we stated that the Turkish proposals which were accepted by the Greek side (at the meeting the Greek and Turkish foreign ministers had at the time in Brussels) included:

- a. The limiting of the extent of the Limnos terminal region because it "intrudes" into the international air space and hinders the activities of the Turkish Air Force.
- b. The abolition of air corridor W14 which runs north-south because it passes through large sections between Mytilini, Agios Evstratios, Limnos, etc., and hinders military exercises by Turkey.
- c. The abolition of the artillery range in Andros.

The first case is a serious gesture on the Greek side in the context of the effort to improve further the relations between the two countries. Our country agrees not to exercise its sovereign right to have airports any place it wishes with the approval of ICAO at that.

The Turkish proposals and their acceptance in principle indirectly reaffirm several months later, the reports about the signing in Ankara of a "Memorandum" concerning Greece's return to NATO's military wing. Turkey had accepted the transfer of the solution of certain problems which hindered our return to a higher level. Our country agreed that a "formula" had to be found which would allow "all possible flexibility" for our return to the military wing of NATO. It is possible that the acceptance of certain Turkish proposals concerning the air space may allow retroactively such a "flexibility."

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C30: 4621/60

## MARIO SOARES INTERVIEWED ON RELATIONS WITH PASOK

Athens TA NEA in Greek 30 Jul 81 p 7

[Interview with Portuguese Socialist Party Leader Mario Soares by TA NEA Correspondent Spyros Vergos]

[Text] Lisbon. Mario Soares, leader of the Socialist Party of Portugal, is coming to Greece once again for a meeting in Rhodes with the leaders of the socialist parties in southern Europe--France, Spain, Portugal, Italy and Greece. They will exchange views on the problems facing their countries and will discuss the strategy each follows for winning power.

Besides France where the socialists won a triumphant victory in the last elections, the socialist parties of Greece, Spain and Portugal are very near that goal while Italian socialist leader Bettino Craxi is considered a sure premier of his country.

In an exclusive interview he gave to TA NEA in Lisbon, Mario Soares describes the hopes of the socialist leaders for a socialist Europe and emphasizes his belief that PASOK will win the elections in Greece, an event which will substantially help the development of the European socialist forces [the text of the interview is as follows]:

QUESTION: What is the importance of your meeting in Rhodes with the southern European socialist party leaders?

ANSWER: The socialist parties of southern Europe began holding joint conferences 4 years ago. As an example, Portugal, Spain and Greece have many common problems even though geographically distant. One of these problems concerns our relations with EEC. All three countries have lived under dictatorial regimes and have restored democracy through complicated procedures. For this reason the socialist parties of southern Europe must cooperate by helping each other in order to stabilize democracy in these countries.

QUESTION: What is the importance of this meeting now after Mitterand's and his socialist party's victory in France?

ANSWER: The victory of the socialists in France plays an especially important role in the overall political developments in Europe and is of major importance to southern European countries in particular. The political developments in France have always influenced the countries of southern Europe since the time of

the French revolution and for this reason I believe that Mitterand's victory will play a historic role and will help the socialist parties in these countries.

I am certain that it will help PASOK considerably to win the elections in Greece.

#### PASOK's Victory

QUESTION: What will a PASOK victory in the coming elections mean exactly for European socialists?

ANSWER: I think it will help the socialists of the south and the social-democrats of the north in their effort to come to power in their respective countries. The difficult economic conditions in Europe have shown that the policy of conservative parties has failed. The socialists are the only hope for Europe to come out of its social and political impasse.

If PASOK wins the Greek elections, and I hope it does, its victory will play an important role because the public opinion polls in Spain and Portugal show that their socialist parties are on the rise and are claiming the power. In Sweden, on the other hand, Olaf Palme is considered an almost certain victor in the next elections.

QUESTION: What can we say is the result of PASOK's cooperation with the socialist parties of southern Europe?

ANSWER: Exchange of views is a basic factor. Moreover, we appreciate the views of Andreas Papandreu who, at the Rhodes meeting, will analyse his policy for us and his views on the political developments in Greece and the special problems your country faces. Papandreu is a capable political leader of great political experience.

QUESTION: How do you see the political developments in Europe following the socialists' victory [in France] especially as concerns the attitude of the European countries toward the U.S. and the Soviet Union?

ANSWER: I believe that Europe is a balancing factor between the two superpowers and the democratic socialists are the only ones capable of defending freedom in the whole continent.

Europe will play an important role in maintaining this balance between the two superpowers. This can be done only with the socialists [in power] because the conservative European governments follow a policy which is absolutely identified with the American interests.

QUESTION: It is said that your political strategy for winning power in Portugal is based on a future cooperation with the social-democratic party of your country which is now participating in the government along with the parties of the Right.



ANSWER: They don't say this to praise me but to accuse me. What I have said is that the socialist party of Portugal should try to earn an autonomous majority.

The present government is incapable of governing and cannot fulfill the promises it gave to the people. The present premier is not able to control his own party and we see this everyday. I believe that after the elections, a majority should emerge for ruling the country and the only thing I can say is that the socialist party of Portugal should be the core of such a majority.

QUESTION: It is reported that your ambition is to become president of your country.

ANSWER: My only political ambition since I returned to my country in 1974 is to see democracy consolidated in the country so as to exclude any possibilities for a new dictatorship.

If at some moment I feel that for the stabilization of the democratic institutions in my country I should become a candidate for the presidency and if my party agrees, then this is a matter that could be considered.

QUESTION: In France, Mitterand cooperates with the communists. Are there any prospects in Portugal for a similar cooperation?

ANSWER: No, because the Communist Party of Portugal wants to assume absolute power. In 1975 there was a popular movement against the communist aspirations and the people openly mistrust the Communist Party. If we cooperate with the communists, it is certain that we will lose half of our voters. The French and Portuguese realities are different.

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CSO: 4621/74

## PAPER SEES CONTROVERSY IN NEW FORMATEUR APPOINTMENT

PM271007 Amsterdam DE VOKSKRANT in Dutch 22 Aug 81 p 3

[Editorial: "Discomfiture"]

[Text] Advisers to the head of state are usually extremely serious people, but was not an undertone of mischievous amusement shown when they--whoever they are--suggested De Gaay Fortman Senior as the new informateur? He is definitely the man who in the last week has shown his dissatisfaction with the course of events in the Christian Democratic Appeal [CDA], not only on television but also in the threatening letter to his party chairman [Prime Minister Van Agt].

He has definitely made no secret of the fact that he would like to see the formation of the Grand Coalition and has roundly chastised the CDA parliamentary party for its hesitation and indecisiveness in the affair. He is a man who generally adopts positions with the greatest independence of party hierarchies and the connected social constraints. The Christian Democrats have by no means forgotten how he entered the 1973 Den Uyl [Labor Party] cabinet.

In practical terms the mission with which this informateur has been entrusted is merely to investigate whether the Grand Coalition, with extra parliamentary variants if necessary, is still a possibility. Minority cabinets are out of the question. There is nothing for him in Staphorst [reference unknown]--a limitation not contained in the CDA advice to the head of state. The CDA demand that the informateur "should not give any indication that he supports a particular coalition" could hardly have been more decisively rejected than it was through the choice of this informateur.

So it is extremely understandable that this appointment is seen by many in the Hague as a slap in some CDA faces, primarily CDA Parliamentary Leader Van Agt's. He has not been given an informateur who will easily lend himself to enthusiastic games and maneuvers to increase the pressure on the Labor Party and Democrats '66, and especially on the 12 consistent supporters of a Grand Coalition in the CDA parliamentary party. In the phase of the government formation which has now begun Van Agt has little chance of causing the Grand Coalition to fail in such a way that the blame can be pushed onto the progressives and the CDA can carry on in government with the people's party for freedom and democracy, possibly in some form of reconstructed cabinet, which politically would be extremely questionable.

The head of state's choice will probably be defended constitutionally by a later prime minister (perhaps Van Agt), perhaps also on the grounds of secret advice. However, it is an obviously political choice, and all the more pregnant because of the role the informateur has recently played.

In the present situation any choice would have some sort of political dimension. But, because for the last 10 years there have been no more attempts to allow the parliament to appoint (in)formateurs, the politicians have themselves made it necessary for the head of state sometimes to take political decisions, which immediately become the subject of public discussion.

The choice could have been more cautious, so that it might not have been so readily deduced that it was meant to discomfit or even condemn an extremely prominent politician. For our political system and the actual functioning of ministerial responsibility it is important that the political role of our head of state remains minimal. This speaks against tough choices which seem like a punishment, no matter how deserved such a punishment is.

CSO: 3105/167

## COLUMNIST: ULTIMATE FALL OF BALSEMAO, DISINTEGRATION OF AD

Lisbon O JORNAL in Portuguese 7-13 Aug 81 p 2

[Article by Jose Carlos de Vasconcelos: "Balsemao: From Victory to Victory Until Final Defeat"]

[Text] What is happening to AD [Democratic Alliance] and being reflected in the government is a mere natural, logical result of five fundamental types of causes:

- a. The resounding defeat in the presidential elections of the candidate on whom it staked everything;
- b. The people's dissatisfaction, brought on by a worsening in living conditions after the electoralist policy of 1980 (which also contributed to this worsening), in sharp contrast to the demagogic promises made to the Portuguese people;
- c. The physical death of Sa Carneiro after his potential political death, which dated back to that irreparable mistake of selecting Soares Carneiro as the AD candidate for the presidential elections, compounding and following that other dreadful mistake of turning Ramalho Eanes into (his) public enemy number one;
- d. The lack of a clearcut, concrete, political plan, aptly demonstrated by the repeated affirmation of pseudo-objectives which were nothing but cliches devoid of essence and which of course said nothing to the individual, such as the one concerning "the liberation of the civilian society."
- e. The irreconcilable differences or contradictions within a coalition united in the defense of certain class or group interests, but necessarily at odds starting at a certain time because there are within it persons ranging from a few moderate Social Democrats to many members of the radical right and even the extreme right, all gathered under the shade of that same AD. Not to mention the blue pepper of the nice, sometimes ecological Monarchists in PPM [Popular Monarchist Party], nor the hollowness of some would-be intellectuals and leaders of a "new old right" (and here it may be called a "new AD"), who had in Soares Carneiro's candidacy the most perfect example of the wisdom of their political institutions and the brilliance of their mental lucubrations.

All of this goes to show that it would be very unfair to accuse Balsemao of being to blame for what is happening in PSD [Social Democratic Party] and AD. If Sa Carneiro were alive, there would be one of two occurrences: a. either he would have changed completely in his line and direction (which cannot be precluded),

and in that respect he would now be less of a "Sa Carneirist" than Balsemao himself is; or, b. in any event the so-called "crisis" in PSD and AD would be substantially the same, although perhaps with different features, and even more serious for the country.

What is fair to say is that, during the past few weeks, Pinto Balsemao has clearly shown what was already known: that his capacity as a ruler is greatly curtailed, that he has little skill as a politician and that his strength and vision as leader of a coalition are nil.

Rather than cite the many instances which illustrate what we are saying (and we have taken note of some of them here, specifically in editorials), let us concentrate only on the last point. In order to assert himself, it was essential for Balsemao to create his own image and his own space within the party and AD. Now this did not happen and, theoretically opposing the "hard-liners" who seek to appear as privileged heirs of Sa Carneiro, Balsemao has made the fundamental mistake of doing so in their camp, and on most occasions yielding to their side (note the incredible example of the dismissals of Ferreira do Amaral and Luis Fontoura), and has even ended up doing what they would do under identical circumstances if they were in the government. And he has even chosen certain advisers from that camp, such as Pulido Valente.

Moreover, this is not just happening now, but dates back far into the past: last December, when I wrote an article here entitled "Checking Balsemao" and pointed out the significance, on the one hand, of the force used by Freitas do Amaral to keep Proenca de Carvalho as head of RTP [Portuguese Radio-Television System] and, on the other, of the intolerable surrender by the prime minister in this first, fundamental confrontation, which was to have very serious consequences for him in the future. I think that time has proven that I was correct in that text, which also offered much to discuss and evoked some attacks from members of the AD's most extremist sectors.

However, the fact is that Balsemao's foes within PSD and AD do not constitute a viable alternative to him, even from the standpoint of PSD and AD; because, overall, they are no better than he: either because of their lack of political balance (and at times it even appears to be mental), or because of their lack of consistency or experience, or because of their aggressiveness and ambition, etc. Furthermore, where Balsemao is concerned, there is the certainty that he is a liberal, democratic and civilized person.

In fact, if I judge correctly the only real alternative to Balsemao within PSD, with the greatest political and governing capacity and skill, it might be the one who, at the time of the selection of Sa Carneiro's replacement, was cited here as a "reserve of the party" and of AD: Mota Amaral.

However, the leader of PSD must also be the leader of AD, and there is within the latter someone who could never accept Mota Amaral, perhaps because he considers him the only one able to oppose his medium-term plans if he becomes leader of this or another coalition, and makes his party the greatest within such a coalition. In other words, he could never be accepted by Freitas do Amaral and those who back him in CDS, and those who, even though they are aware of this, also back him,



Freitas do Amaral, within PSD, believing that they could be a hard alternative to Balsemao when, in fact, if that alternative existed, it would actually be headed by the leader of CDS.

This is because, after the physical death of Sa Carneiro, it is obvious that Freitas do Amaral only ostensibly agreed not to be number one in the coalition. In fact, although he must claim and will always claim and even insist on the contrary, he is counting on the erosion of PSD, and cannot agree in the future to have a correlation of forces in AD maintained in accordance with the 1976 election results. As is moreover natural and logical, Freitas do Amaral thinks that this correlation has changed. And in a forthcoming election, he will want to gage those forces; because, in 1985, he will want to be the candidate for the presidency of the republic, his essential goal.

This can explain much of what has already happened and will happen. This, in itself, would suffice to warrant our considering it very difficult for AD to last until 1984; and it suffices to warrant our considering it impossible for AD to maintain itself, as it is today, in the legislative elections of that year, unless there is what we would regard as virtually a miracle.

There is much more to add. At the moment, partially as a logical corollary to what we are saying, and considering also what it means to be in power in our country, and the fact that the congress of the party which elected him was held only 6 months ago, I must say that I differ from the opinion of those who think that Balsemao is already finished as president of PSD and as prime minister. That opinion may have led some to the side opposite him, and may have led others to stop their comments until they see how things turn out.

Furthermore, if he does so intentionally, Balsemao now has his most intelligent political move in making statements that would prompt his internal adversaries or enemies to leap ahead of time. We entitled the editorial published here "What Kind of Autumn for Balsemao?" because we thought that this was the time when, if he maintained a certain line and certain mistakes, as in fact he has, his position might be jeopardized. And that was the time: By falling into the trap of delaying a few months, those who wanted him to step down converted a hypothetical success into a certain defeat.

I am hereby making a prediction that is perhaps risky, and all the more so because I am writing outside of Lisbon, before even learning the position of CDS and what Freitas do Amaral is going to say on RTP, before the PSD National Council meeting, etc. But, if I am not mistaken, this is what will happen: Balsemao, in time, is doomed; and AD and its government are doomed. But, for the time being, he will win. To paraphrase a comment by a friend of mine, I would say: Balsemao will go gaily from victory to victory, until final defeat.

After Balsemao, AD might still possibly form another government; but that would surely be the last. For that very reason, it would be in its interest to put up with Balsemao: the longer his fall is postponed, the longer the last AD government can be extended.

Also associated with all this are the positions already assumed and to be assumed by the president of the republic, and whether or not there is a possibility of a real alternative (which differs from alternation) to the AD government, important topics remaining for the next occasion.

## ONLY 14 PERCENT PREFER BALSEMAO AS PRIME MINISTER

Lisbon TEMPO in Portuguese 6 Aug 81 pp 25-27

[Text] Francisco Pinto Balsemao ranks in third place, with 13.8 percent, among the individuals selected for prime minister by those queried in this second part of the "Tempo/Antropos" poll that we are publishing today, supplementing the one that we included in our edition last week. The one with the most votes, 22.0 percent, is Mario Soares, followed next by Freitas do Amaral, with 15.8 percent. Alvaro Cunhal, the fourth most voted for, ranks quite far apart from the third place occupant (Pinto Balsemao), with 6 percent. They are followed by: Salgado Zenha (4.6 percent), Cavaco Silva (3.00 percent), Vital Moreira (2.8 percent) and Lucas Pires (1.2 percent).

As is indicated in the note on methodology included at the end, the results of this second part of the poll confirm the tendency already shown in the first part: a slight shift to the left among the electorate, clearly favoring FRS [Socialist Republican Front] (+ 7.6 percent) and, simultaneously and to an equal overall extent, disfavoring AD [Democratic Alliance] (- 3.6 percent) and APU [United People's Alliance] (- 4 percent). FRS and, in particular, PS [Socialist Party], since the erosion caused by the exercise of power affecting AD and the Socialist victory in France, are really the political forces which currently most impress large sectors of the electorate. In contrast, AD (regarding which favorable shifts have been evident since it came to power) appears to have become greatly depleted from the exercise of power at present, something that may cause some voters who had previously voted for it not to disclose that fact now.

Be that as it may, the majority of those polled consider the present government to be "a government to endure." This image is reflected by 44.8 percent of the total responses obtained. Next, with 23.4 percent, are those who think that "it will not last until 1984;" while 7.6 percent think that the government "is about to fall."

As for the qualities ascribed to Prime Minister Pinto Balsemao, the ones mentioned most are a democratic nature, sympathy and competence. These are followed by decision-making ability, a favorable position toward the workers, security and, finally, leadership ability. However, while the total number of those interviewed who mention a democratic nature as a quality was 22.6 percent. 17.6 percent remark that the prime minister does not have any qualities.

Insofar as shortcomings are concerned, the first one cited for Pinto Balsemao is an unfavorable position toward the workers (14.6 percent), followed by insecurity (10

percent) and indecision (9 percent). On the other hand, it should be noted that 17.4 percent of those polled are of the opinion that Francisco Balsemao has no shortcomings.

#### Technical Chart

Universe: All the voters residing on the continent.

Sample: 500 interviews.

Questionnaire: The topics of the questionnaire were prepared by the staff of the weekly publication TEMPO, and ANTROPOS made only a few changes, mainly of a technical nature.

Interviews: Direct, personal, through a structured questionnaire, at the residences of those interviewed.

Selection: Random, using the "random route" method and the "Kish" method for selection of the household; selection of the individual by quotas, according to sex and age.

Sampling points: 37 parishes selected at random, after a prior stratification by district and habitat. A selection criterion was introduced taking into account the results of the last election for the Assembly of the Republic, so as to guarantee that the sample would include, in each district, parishes whose previous electoral conduct did not differ much from the average results of the respective district.

Field work: 11 and 12 July 1981.

Maximum margin of error of total:  $\pm$  5 percent in an interval of confidence of 9 percent.

Institute responsible for the research: ANTROPOS (Association of Sociological and Anthropological Studies, Ltd).

The basic commentary on the results was made by ANTROPOS.

Question 1. What are the leading qualities shown by Dr Pinto Balsemao in his performance as prime minister?

Table 1 shows that the quality mentioned most often (by 22.6 percent of the total number interviewed) was a democratic nature, followed by sympathy (18.6 percent), competence (16.0 percent), the capacity for dialog (10.4 percent), decision-making ability (6.0 percent), a favorable position toward the workers (4.2 percent), security (3.8 percent) and, finally, leadership ability, with 3.2 percent.

It is also noteworthy that 17.6 percent of those interviewed stated that the present prime minister has no qualities. In this category, the highest percentage (52.5 percent) is related to the APU electorate, and the smallest (5.3 percent) to AD.

Generally speaking, the percentages associated with qualities are higher among the AD electorate, dropping from the latter to the FRS electorate and, from that to the APU electorate. There are, however, slight changes among these movements, when one

notes, for example, that the percentage of the FRS electorate who regard the prime minister as "sympathetic" (24.1 percent) is higher than that found in this category among the AD electorate (21.5 percent). It is also noteworthy that, in the area of leadership ability, the percentage associated with the APU electorate (3.4 percent) exceeds that among the FRS electorate (0.6 percent) and is slightly lower than that associated with the AD electorate (4.2 percent).

It should also be mentioned that, apart from the AD electorate, the highest percentages (FRS: 24.1 percent; APU: 6.8 percent) pertained to sympathy. Among the AD electorate the democratic nature is the quality that ranks in first place (34.7 percent) and rates second among both the FRS electorate (19.6 percent) and the APU electorate (5.1 percent).

Question 2. What are the main shortcomings shown by Dr Pinto Balsemao in his performance as prime minister?

Table 2 discloses that the shortcoming ranking first (14.6 percent) is the unfavorable position toward the workers. It is followed by: insecurity (10.0 percent); indecision (9.0 percent); inability to exercise leadership (7.0 percent); incompetence (6.2 percent); authoritarianism (3.8 percent); lack of capacity for dialog (3.6 percent); and, finally, unpleasantness (3.0 percent).

The absence of shortcomings relates to a rather higher percentage (17.4 percent) than that attributed to any shortcoming. As is natural, the highest percentage in this category (31.6 percent) is associated with the AD electorate.

As one would expect, we find here, in general, the opposite of what was shown in Table 1 regarding the electorates of the three leading political forces; in other words, the lowest percentages are those associated with the AD electorate, followed by those for the FRS electorate and, lastly, those for the APU electorate. However, once again there are exceptions to the rule, since the highest percentage relating to indecision (11.1 percent) is from the AD electorate, followed by that of FRS (9.5 percent) and APU (5.1 percent). There is also some shifting with regard to insecurity since the percentage from the FRS electorate (11.4 percent) is higher than that from AD (10.0 percent) and APU (8.5 percent).

It is also noteworthy that, whereas among the APU and FRS electorates, the highest percentages (42.4 and 19.6 percent, respectively) relate to an unfavorable position toward the workers, among the AD electorate the highest percentage (11.1 percent) relates to indecision.

Table 3, through the correlation between the qualities and shortcomings attributed to Prime Minister Dr Pinto Balsemao, provides us with some facets of the overall image of this politician. The highest numbers relate to sympathy (6.20), a democratic nature (5.95), and the capacity for dialog (2.89); while the lowest are associated with the position toward the workers (0.29), security (0.38) and leadership ability (0.46).

Tables 3.1 and 3.2, in turn, afford us a ranking of the categories wherein the qualities predominate over the shortcomings or the shortcomings predominate over the

qualities. In fact, insofar as the predominance of the qualities is concerned, first place goes to sympathy, followed by a democratic nature, capacity for dialog and competence; whereas, insofar as the predominance of shortcomings is concerned, the most negative position relates to the attitude toward the workers, followed by security, leadership ability and decision-making ability.

As for the absence of shortcomings, if we combine the value of C (0.99) mentioned in Table 3 with the shift in the sample favoring FRS, a constant in Table 6, which will be analyzed later, we must conclude that the references to absence of shortcomings and qualities are virtually canceled.

To summarize, and in view of the constant elements in Tables 1, 2, 3, 3.1 and 3.2, it seems possible to conclude that, in the present prime minister's image, the predominating facets in the positive area are sympathy, a democratic nature, a capacity for dialog and competence; whereas, in the negative area, the predominant facets are those associated with an unfavorable position toward the workers, insecurity, lack of leadership ability and lack of decision-making ability.

Question 3. State which of the following phrases expresses your opinion about the duration of the government headed by Dr Pinto Balsemao.

As may be observed in Table 4, the highest percentage (44.8 percent) pertains to those of the opinion that the current government "is a government to endure," followed by those who think that it "will not last until 1984" (23.4 percent); and, finally, those who think that the government "is about to fall" (7.6 percent).

Among the electorates of the three leading political forces, it was found, on the one hand, that the only majority percentage (65.3 percent) relates to the portion of the AD electorate which considers the present government a government to endure; and, on the other, that the same type of opinion is also the most representative, although not a majority one (36.7 percent), among the FRS electorate.

Among the APU electorate, the highest percentage is associated with those who think that the present government will not last until 1984 (40.7 percent), a percentage which is, moreover, the highest of those recorded with the same type of opinion.

Finally, it is also among the APU electorate that there was the highest percentage (27.1 percent) associated with the conviction that the government is about to fall.

However, it appears possible to conclude that the predominant opinion among those interviewed, especially among the AD and FRS electorates, is that the government headed by Dr Pinto Balsemao is a government to endure.

Question 4. If it were possible to elect a prime minister, which of the following politicians would you choose?

In view of the constant references to crises or the presence of factions within the four leading political forces, this question was intended to test, jointly, the potential of the leaders and of another personage representing a different faction or lower age group. Although those interviewed were confronted with eight constant names on the questionnaire, they could, if they so desired, indicate any other personage, as some moreover did.



As may be noted on Table 5, Mario Soares is prominent in first place, with 22.0 percent, although it should not be forgotten that he must have benefited considerably from the shift in the sample in favor of FRS. He is followed by Freitas do Amaral (15.8 percent), Pinto Balsemao (13.8 percent), Alvaro Cunhal (6.0 percent), Salgado Zenha (4.6 percent), Cavaco e Silva (3.0 percent), Vital Moreira (2.8 percent) and Lucas Pires (1.2 percent).

Within each party force, the greatest discrepancy between the leader and another personage occurs in PS, with 17.4 percent (the difference between Mario Soares' 22.0 percent and Salgado Zenha's 4.6 percent). Next is CDS [Social Democratic Center Party], with 14.6 percent (the difference between Freitas do Amaral's 15.8 percent and Lucas Pires' 1.2 percent); followed by PSD [Social Democratic Party], with 10.8 percent (the difference between Pinto Balsemao's 13.8 percent and Cavaco e Silva's 3.0 percent); and PCP [Portuguese Communist Party], with 3.2 percent (the difference between Alvaro Cunhal's 6.0 percent and Vital Moreira's 2.8 percent).

Among the electorates of the three leading political forces, some noteworthy phenomena arose. For example, Alvaro Cunhal is the only politician mentioned only by the electorate of the force to which he belongs; whereas his fellow party member, Vital Moreira, succeeded in being mentioned, albeit with small percentages, by the electorates of FRS (1.3 percent) and AD (0.5 percent).

On the other hand, Mario Soares is the only politician mentioned by the majority (54.5 percent) of the political force with which he is affiliated. In fact, Alvaro Cunhal did not exceed 40.6 percent in APU; and the AD electorate, although more inclined toward Freitas do Amaral (34.2 percent), essentially wavered between the latter and Pinto Balsemao (27.9 percent).

Noteworthy among the APU electorate are the mentions of Mario Soares (10.2 percent) and Pinto Balsemao and Salgado Zenha, both with 3.4 percent. Among the AD electorate in turn, the third personage mentioned was Mario Soares (6.3 percent), followed by Cavaco e Silva (5.8 percent), Lucas Pires (2.1 percent), Salgado Zenha (1.0 percent) and Vital Moreira (0.5 percent). Finally, among the FRS electorate, appearing after Mario Soares were Salgado Zenha (8.7 percent), Pinto Balsemao (5.1 percent), Freitas do Amaral (3.2 percent), Cavaco e Silva (1.9 percent), Vital Moreira (1.3 percent) and Lucas Pires (0.6 percent).

As for the individuals not mentioned in the questionnaire who were indicated most by those interviewed, only Maria de Lourdes Pintasilgo (with 2.4 percent) attained a percentage worthy of mention, ranking her between Vital Moreira and Lucas Pires.

In view of the data analyzed previously, it appears possible to conclude, in the first place, that the three personages with the greatest acceptance among the public as possible prime ministers are the leaders of PS, CDS and PSD, with the latter, furthermore, holding that office; and, secondly, that none of those leaders finds his position threatened in the respective party force by any personage with a significant impact on public opinion.

#### Note on Methodology

Table 6 reveals that the sample, despite the precision with which it was selected (see Technical Chart), is slightly shifted toward the left, clearly favoring FRS

(+ 7.6 percent) and disfavoring, simultaneously and to the same overall extent, AD (- 3.6 percent) and APU (- 4 percent).

Although shifts of this type are normal, it is the first time that the method now adopted has lead to an overestimation of FRS which (as an intermediate force) is the one which normally attains figures closer to the latest manifestation of the electorate's desires. The shift discovered now may be attributed to a certain amount of "following" sometimes shown by the voters interviewed, a phenomenon that prompts them to identify with the political force which has attained greater prominence at a particular time, although they did not vote for it. FRS and, in particular, PS (after the erosion caused by the exercise of power affecting AD and the Socialist victory in France), are really the political forces which currently most impress large sectors of the electorate. In contrast, AD (regarding which favorable shifts have often been evident since it came to power) appears to have become greatly depleted from the exercise of power at present, something that may cause some voters who had previously voted for it not to disclose that fact now.

Finally, insofar as APU is concerned, the shift now disclosed (although great) is less than that normally seen regarding this political force, a fact which, on the one hand, could mean a greater reluctance among the Communist electorate to disclose its vote; but, on the other hand, might attest to a slight shift to the left on the part of the sample.

In any event, we should mention again the fact that the combination of the negative shifts affecting AD and APU is exactly equal to the positive shift benefiting FRS, a coincidence which could aid in understanding the extent to which the sample benefits FRS.

The aforementioned shift in the sample has caused a preference for a matching with the vote in the elections to the Assembly of the Republic on 5 October 1980 over other variables customarily used more for this purpose (sex, age, region, etc.) in analyzing the replies to each question. Therefore, on each table (in addition to the total results) one can observe the reaction to that question from the electorate of the different political forces or movements.

At times other tables are prepared, mainly for the purpose of providing the readers with a better framework for the data that have now been procured.

**QUADRO 1 - PRINCIPAIS QUALIDADES REVELADAS PELO DR. PINTO BALSEMAO NA SUA ACTUAÇÃO COMO 1.º MINISTRO / CRUZAMENTO COM VOTO NAS ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA**

(3) QUALIDADES	(2) VOTO EM 5 DE OUTUBRO 1986 (ASSEMBLEIA DA REPÚBLICA)										(10) VALORES	
	AD	FRS	APL	UDF	CDR	CDR Dir.	CDR Esq.	CDR sem dir.	CDR sem esq.	CDR Total	CDR Total	- TOTAL -
	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (b)
(11) APTIDÃO DE DECISÃO	9,4	3,8	-	-	-	-	-	-	-	7,5	5,9	8,7
(12) SEGURANÇA	5,7	2,5	1,7	-	-	-	-	-	-	5,9	5,9	3,8
(13) DEMOCRATA	34,7	19,6	5,1	-	-	-	-	16,6	12,5	17,6	13,0	22,6
(14) COMPETENTE	27,8	11,4	3,4	-	-	-	-	8,3	18,8	5,9	4,3	16,0
(15) CAPACIDADE DE CHEFIA	4,2	0,6	3,4	-	-	-	-	-	10,8	5,9	-	3,2
(16) SIMPÁTICO	21,5	24,1	6,8	-	-	-	-	16,6	12,5	-	13,0	18,6
(17) FAVORÁVEL AOS TRABALHADORES	7,9	3,8	-	-	-	-	-	-	-	-	-	4,2
(18) CAPACIDADE DE DIÁLOGO	14,7	9,5	3,4	-	-	-	-	-	15,8	-	4,3	18,4
(19) OUTRAS	1,6	3,1	-	-	-	-	-	-	2,5	-	-	1,8
(20) NÃO TEM QUALIDADES	5,3	20,9	52,5	-	-	-	100,0	-	15,0	29,4	8,7	17,6
(21) Não sabe	21,1	29,1	25,4	-	-	-	-	58,3	32,5	41,1	43,4	27,6
(22) Não responde	2,1	1,3	3,4	-	-	-	-	8,3	7,5	-	13,0	3,8

(23) a) Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1986.

(24) b) Do total da amostra (500).

(25) NOTA: Como cada entrevistado podia referenciar mais do que uma qualidade, o total das respostas é globalmente superior à amostra (500) e parcialmente superior à dos que afirmaram ter votado em determinada força ou tendência política, razão por que o somatório das percentagens é superior a 100.

Key:

1. Table 1. Main Qualities Shown by Dr Pinto Balsemao in His Performance as Prime Minister/Matched With Vote in the Elections for the Assembly of the Republic
2. Vote on 5 October 1980 (Assembly of the Republic)
3. Qualities
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Overall figure: total
11. Decision-making ability
12. Security
13. Democratic
14. Competent
15. Leadership ability
16. Sympathetic
17. Favorable toward the workers
18. Capacity for dialog
19. Others
20. Has no qualities
21. Does not know
22. No answer
23. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
24. b) Of the total sample (500)
25. Note: Since each person interviewed could mention more than one quality, the total number of replies is higher overall than the sample (500) and partially higher than that of the persons who claimed that they had voted for a certain political force or movement, which is why the sum of the percentages exceeds 100.

(1)

**QUADRO 2 - PRINCIPAIS DEFEITOS REVELADOS PELO DR. PINTO BALSEMÃO NA SUA ACTUAÇÃO COMO 1.º MINISTRO / CRUZAMENTO COM VOTO NAS ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA**

(2) DEFEITOS	(3) VOTE EM 5 DE OUTUBRO 1960 (Assembleia da República)										(8) (9)		(10) VALOR GLOBAL - TOTAL -
	AD	FRÉ	ADU	UDF	Dir.	Dir.	Esq.	Não se br.	Não se br.	5(2)	5(2)	4/Re2 pontos	
(11) INDECISO	11,1	9,5	5,1	-	-	-	-	-	-	7,5	17,6	4,3	9,0
(12) INSEGURO	10,0	11,4	2,5	-	-	-	-	-	-	15,0	5,9	4,3	10,0
(13) AUTORITÁRIO	3,2	4,4	10,2	-	-	-	-	-	-	-	-	-	3,8
(14) INCOMPETENTE	1,6	5,7	18,6	-	-	-	100,0	8,3	12,5	-	-	4,3	6,2
(15) INCAPAZ DE EXERCER A CHEFIA	3,2	6,3	18,6	-	-	-	100,0	-	7,5	11,8	8,6	-	7,0
(16) ANTIPÁTICO	1,6	5,1	3,4	-	-	-	-	-	5,0	-	-	-	3,0
(17) DESFAVORÁVEL AOS TRABALHADORES	1,8	19,6	42,4	-	-	-	100,0	8,3	15,0	11,8	8,6	-	14,6
(18) INCAPACIDADE DE DIÁLOGO	0,5	4,4	11,9	-	-	-	100,0	-	-	5,9	4,3	-	3,6
(19) Outros	3,7	3,2	1,2	-	-	-	-	-	-	-	-	4,3	2,8
(20) NÃO TEM DEFEITOS	31,6	9,5	3,4	-	-	-	-	-	15,0	11,8	8,6	-	17,4
(21) Não sabe	34,7	35,4	22,0	-	-	-	-	64,7	35,0	52,9	47,8	-	35,4
(22) Não responde	2,1	3,8	3,4	-	-	-	-	8,3	7,5	-	-	17,4	4,0

(23) a) Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1960.

b) Do total de amostra (500).

(24) NOTA: Como cada entrevistado podia referenciar mais do que um defeito, o total das respostas é globalmente superior à amostra (500) e parcialmente superior à

(25) dos que afirmaram ter votado em determinada força ou tendência política, razão por que o somatório das percentagens é superior a 100.



Key:

1. Table 2. Main Shortcomings Shown by Dr Pinto Balsemao in His Performance as Prime Minister/Matched With Vote in the Elections for the Assembly of the Republic
2. Shortcomings
3. Vote on 5 October 1980 (Assembly of the Republic)
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Overall figure: total
11. Indecisive
12. Insecure
13. Authoritarian
14. Incompetent
15. Unable to exercise leadership
16. Unpleasant
17. Unfavorable to the workers
18. Lack of capacity for dialog
19. Others
20. Has no shortcomings
21. Does not know
22. No answer
23. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
24. b) Of the total sample (500)
25. Note: Since each person interviewed could mention more than one shortcoming, the total number of replies is higher overall than the sample (500) and partially higher than that of the persons who claimed that they had voted for a certain political force or movement, which is why the sum of the percentages exceeds 100.

(1) **QUADRO 3** IMAGEM GLOBAL DO 1º MINISTRO  
DR. PINTO BALSEMAO - Correlação  
entre as Qualidades e os Defeitos que  
lhe são atribuídos

(2) DOMÍNIOS	(3) $C = \frac{\% \text{ QUALIDADES (Q.1)}}{\% \text{ DEFETOS (Q.2)}}$
(4) CAPACIDADE DE DECISÃO	0,67
(5) SEGURANÇA	0,38
(6) DEMOCRATICIDADE	5,95
(7) COMPETÊNCIA	2,58
(8) CAPACIDADE DE CHEFIA	0,48
(9) SIMPATIA	6,20
(10) POSIÇÃO FAVORÁVEL/DESFA- VORÁVEL PERANTE OS TRABALHAD.	0,29
(11) CAPACIDADE DE DIÁLOGO	2,89
(12) AUSÊNCIA DE DEFETOS (*)	0,99
(13) (*) Neste caso C = $\frac{\% \text{ sem defeitos (Quadro 2)}}{\% \text{ sem qualidades (Quadro 1)}}$	

Key:

1. Table 3. Overall Image of Prime Minister Dr Pinto Balsemao - Correlation between the qualities and shortcomings attributed to him
2. Areas
3.  $C = \frac{\% \text{ qualities (Q.1)}}{\% \text{ shortcomings (Q.2)}}$
4. Decision-making ability
5. Security
6. Democratic nature
7. Competence
8. Leadership ability
9. Sympathy
10. Favorable/unfavorable position toward the workers
11. Capacity for dialog
12. Absence of shortcomings
13. a) In this case,  $C = \frac{\text{has no shortcomings (Table 2)}}{\text{has no qualities (Table 1)}}$

QUADRO 3.1 - DOMÍNIOS ONDE AS QUALIDADES PREDOMINAM SOBRE OS DEFEITOS

(2) POSIÇÃO	(3) DOMÍNIOS	(4) VALORES DE C 1 (a) (Por ordem decrescente)
1	(5) SIMPATIA	0,20
2	(6) DEMOCRATICIDADE	5,95
3	(7) CAPACIDADE DE DIÁLOGO	2,89
4	(8) COMPETÊNCIA	2,58

(9) a)  $C = \frac{\% \text{ QUALIDADES (Quadro 1)}}{\% \text{ DEFEITOS (Quadro 2)}}$

QUADRO 3.2 - DOMÍNIOS ONDE OS DEFEITOS PREDOMINAM SOBRE AS QUALIDADES

(2) POSIÇÃO	(3) DOMÍNIOS	(4) VALORES DE C 1 (a) (Por ordem crescente)
1	(5) POSIÇÃO PERANTE OS TRABALHADORES	0,29
2	(6) SEGURANÇA	0,38
3	(7) CAPACIDADE DE CHEFIA	0,46
4	(8) CAPACIDADE DE DECISÃO	0,67

(9) a)  $C = \frac{\% \text{ QUALIDADES (Quadro 1)}}{\% \text{ DEFEITOS (Quadro 2)}}$

Key:

1. Table 3.1. Areas in Which the Qualities Predominate Over the Shortcomings
2. Position
3. Areas
4. Values of C 1 (in descending order)
5. Sympathy
6. Democratic nature
7. Capacity for dialog
8. Competence
9. a)  $C = \frac{\% \text{ qualities (Table 1)}}{\% \text{ shortcomings (Table 2)}}$

Key:

1. Table 3.2. Areas in Which the Shortcomings Predominate Over the Qualities
2. Position
3. Areas
4. Values of C 1 (in descending order)
5. Position toward the workers
6. Security
7. Leadership ability
8. Decision-making ability
9. a)  $C = \frac{\% \text{ qualities (Table 1)}}{\% \text{ shortcomings (Table 2)}}$

**QUADRO 4 - OPINIAO ACERCA DO GOVERNO CHEFIADO PELO DR. PINTO BALSEMAO / CRUZAMENTO COM VOTO NAS ELEICOES PARA A ASSEMBLEIA DA REPUBLICA**

(1)

(2) TIPO DE OPINIAO	(3) VOTE EM 5 DE OUTUBRO 1980 (Assembleia da Republica) (8) (9)										(10) - TOTAL -
	AD	FRS	ADU	UDP	Outro Dir.	Outro Esq.	Não se lembra	Não votou	Votou Br. ou Nulo	N/Responde	
	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	% (a)	
(11) UM GOVERNO PARA DURAR	65,3	36,7	16,9	-	-	-	25,0	47,5	41,2	13,1	44,8
(12) NÃO SE MANTEM ATÉ 1984	15,8	29,1	40,7	-	-	-	16,7	15,0	23,5	21,7	23,4
(13) ESTÁ PARA CAIR	1,1	10,8	27,1	-	-	100,0	-	5,0	-	-	7,6
(14) Não sabe	16,3	22,8	15,3	-	-	-	58,3	30,0	35,3	39,1	22,0
(15) Não responde	1,5	0,6	-	-	-	-	-	2,5	-	26,1	2,2
(16) TOTAL	100,0	100,0	100,0	-	-	100,0	100,0	100,0	100,0	100,0	100,0

(17) a) Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1980.

(18) b) Do total da amostra (500).

Key:

1. Table 4. Opinion of the Government Headed by Dr Pinto Balsemao/Matched With Vote in the Elections for the Assembly of the Republic
2. Type of opinion
3. Vote on 5 October 1980 (Assembly of the Republic)
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Total
11. A government to endure
12. Will not last until 1984
13. Is about to fall
14. Does not know
15. No answer
16. Total
17. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
18. b) Of the total sample (500)

(1)

QUADRO 5 - SE FOSSE POSSÍVEL ELEGER UM 1.º MINISTRO, QUE POLÍTICO E QUE ESCOLHERIA /  
/ CRUZAMENTO COM VOTO NAS ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA

(2) POLÍTICOS	(3) VOTO EM 5 DE OUTUBRO 1960 (Assembleia da República)							(10) - TOTAL -	
	AD	FRS	APU	UDP	(4) Outro Dir.	(5) Outro Esq.	(6) Não votou	(7) Votos Br. ou Nulo	(8) % (a) / % (b)
LUCAS PIRES	2,1	0,6	-	-	-	-	2,5	-	1,2
PINTO BALSEMÃO	27,9	5,1	3,4	-	-	-	8,3	-	13,8
VITAL MOREIRA	0,5	1,3	16,9	-	-	-	-	5,9	2,8
ÁLVARO CUNHAL	-	-	40,6	-	-	-	8,3	10,0	6,0
SALGADO ZENHA	1,0	8,7	3,4	-	-	-	8,3	5,0	4,6
FREITAS DO AMARAL	34,2	3,2	-	-	-	-	16,7	7,5	15,8
CAVACO E SILVA	5,8	1,9	-	-	-	-	-	2,5	3,0
MÁRIO SOARES	6,3	54,5	10,2	-	-	-	-	10,0	22,0
(11) Outro	3,2	7,6	11,7	-	-	-	-	8,0	5,6(c)
(12) Não sabe	16,9	17,1	13,6	-	-	-	58,4	42,5	21,2
(13) Não responde	2,1	-	-	-	-	100,0	-	7,5	4,0
(14) TOTAL	100,0	100,0	100,0	-	-	100,0	100,0	100,0	100,0

(15) a) Dos entrevistados que afirmaram terem votado num determinado sentido em 5.10.1960.

(16) b) Do total de amostra (800).

c) Mário de Lurdes Pintas - 2,4%; Vasco Gonçalves, Nobre de Costa - cada um deles com 0,4%; Angelo Correia, Medeiros Faria, Eurico de Melo, Mota Amaral, 1,7%; Morais Leitão, Vasco da Gama Fernandes, Mota Pinto, Octávio Pinto, Rui Gomes, Basílio Horta e Sousa Franco - cada um deles com 0,2%.



Key:

1. Table 5. If It Were Possible to Elect a Prime Minister, Which Politician Would You Choose?/Matched With Vote in the Elections for the Assembly of the Republic
2. Politicians
3. Vote on 5 October 1980 (Assembly of the Republic)
4. Other right
5. Other left
6. Does not remember
7. Did not vote
8. Voted blank or invalidly
9. No answer
10. Total
11. Other
12. Does not know
13. No answer
14. Total
15. a) Of those interviewed who claimed that they had voted in a certain manner on 5 October 1980
16. b) Of the total sample (500)
17. Maria de Lourdes Pintasilgo-2.4%; Vasco Goncalves, Nobre da Costa-each with 0.4%; Angelo Correia, Medeiros Ferreira, Eurico de Melo, Mota Amaral, Morais Leitaó, Vasco da Gama Fernandes, Mota Pinto, Octavio Pato, Rui Gomes, Basilio Horta and Sousa Franco-each with 0.2%.

(1) QUADRO 6 - DESVIO DA AMOSTRA EM RELAÇÃO AOS RESULTADOS ELEITORAIS DE 5 DE OUTUBRO DE 1981 (ELEIÇÕES PARA A ASSEMBLEIA DA REPÚBLICA)

(2) COLIGAÇÕES ou PARTIDOS	(3) VOTO ELEIÇÕES P.R. (5.10.80)	(4) AMOSTRA BONDAGEM DE JULHO 1981	(5) DESVIO
AD	44,9	41,3	- 3,6
PSD	26,7	34,3	+ 7,6
APU	16,6	12,8	- 3,8
UDP	1,4		
(6) Outras de Direita	0,5	0,2 (b)	- 0,3 (b)
(7) Outras de Esquerda	3,7		
(8) Não se lembra	-	2,6	+ 2,6
(9) Não votou (Abstenção)	16,1	8,0	- 8,1
(10) Votou branco ou Nulo	2,3	3,7	+ 1,4
(11) Não responde	-	5,0	+ 5,0

(12) a) Dados globais publicados pela Comissão Nacional de Eleições em 30.11.1980. Não estão consideradas as percentagens alcançadas por PSD e CDS nas Regiões dos Açores e da Madeira.

(13) b) No questionário não se distinguia qualquer força política para além das três principais.

Key:

1. Table 6. Shift in the Sample in Comparison With the Election Results of 5 October 1980 (Elections for the Assembly of the Republic)
2. Coalitions or parties
3. Vote in elections for Assembly of the Republic (5 October 1980)
4. Sample poll of July 1981
5. Shift
6. Other right
7. Other left
8. Does not remember
9. Did not vote (abstention)
10. Voted blank or invalidly
11. No answer
12. a) Overall data published by the National Election Commission on 30 November 1980. The percentages received by PSD and CDS in the Regions of the Azores and Madeira are not considered.
13. In the questionnaire, no political force other than the three leading ones was given special mention.

2909

CS0: 3101/99

## COLUMNIST DOUBTS AD'S COMMITMENT TO DEMOCRATIC PRINCIPLES

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Aug 81 p 2

[Article by Raul Rego: "The Right and the Evil Gnawing It"]

[Text] The Portuguese right has been in power for 48 years. It governed as a dictatorship, trampling on public liberties and the most fundamental individual rights. It eroded the Portuguese community with the wars in India, Angola, Mozambique and Guinea, and with the disaster at Sao Joao Baptista de Ajuda, as if it were the owner of the country and all its inhabitants, as well as of the common patrimony.

The Portuguese right governed without answering to anyone. It does not know to govern any other way. In order to govern with democracy, one must have a democratic mentality; and the fact is that the Portuguese right has never had a democratic mentality, and has always been overtly opposed to any free regime.

The Portuguese right is in power again, since the interim elections, first with Sa Carneiro, and later with Pinto Balsemao. We are not saying that Sa Carneiro or Pinto Balsemao is not a democrat; but both are merely the front for the right which yearns for the inquisition and Miguel, and far more for that "organic democracy" wherein the authentic sovereign organs of the state were known as political police, censorship and plenary courts.

We are well aware that both Sa Carneiro and Pinto Balsemao are liberals, and on a particular occasion tried to force an opening in the monolithism which has been imposed on us and which has led to disaster. But in the Portuguese democracy, although all the parties call themselves democratic, one Social Democrat and another Christian Democrat, it must be realized that all the non-democrats of 10 years ago joined those right wing parties. Regardless of the good will that Sa Carneiro and Pinto Balsemao might have had, the government does not consist of them alone, nor of the true democrats on the right, who are not numerous. The name does not matter; what counts in a person is the mentality which molds him, and his ability to live with the other citizens without regarding himself as their master, nor imposing himself on them through any process.

The Portuguese right does not know how to govern democratically because it does not appreciate democracy. It is not capable of governing democratically, as has been proven since Sa Carneiro rose to power. It is the right itself which says so.

We have a Constitution, voted on in the Constituent Assembly, article by article, by the left and the right. In the overall vote, only CDS [Social Democratic Center Party] did not approve it; moreover, the articles that it is fighting most today were approved. But could a political alliance which proposes to govern the country, runs democratically in the elections and, in its programs, offers as an essential point in its government the transformation of the Constitution, be really democratic? The right won the elections, it has the legitimacy to govern, and it should govern so long as it does not state openly that it is incapable of governing. The people must learn from the mouth of the right that it is incapable of governing democratically.

With the legitimacy to govern, the Portuguese right has already attempted to bypass the Constitution. It has attempted non-democracy. Now it should be noted that the Portuguese people gave the right legitimacy to govern, but denied it the power to change the Constitution. They did not give it the two thirds of the deputies necessary for this, nor did they elect as president of the republic the candidate whom it offered and with whom it intended to do everything that it desired to return to the past; from the unconstitutional plebiscite to put an end to the regime to the security measures, again jeopardizing the essential liberties of the individual.

The people gave the right legitimacy to govern. The right has governed, and all of us observe that it does not understand, and is not capable of governing with democracy. Why doesn't it understand? It is as clear as water: On the right there are some democrats, and there are many more who are not democrats, and who do not even want democracy. They understand the club, war, the silence of the others, and even the fire set at Sao Joao Baptista de Ajuda. They do not know how to talk with an adversary, much less an enemy. They know how to impose their law and, if they are unable to do so successfully, they know how to jail the recalcitrant, or set them afire. It is clear that, between the conservative democrats on the right and the totalitarians who voted advantageously for the right wing parties, even though they may claim to be democrats, there is no more possibility of an understanding than there is between a socialist and another totalitarian. What was the alliance which overthrew the first PS [Socialist Party] government?

A democrat is not one who claims to be such, but rather one who understands the rights of our neighbors as well as our own rights. One who attacks the Constitution because he won the legislative elections is not a democrat. Is it not the prime obligation of a democratic government to set an example of respect for the fundamental instrument of democracy? It is also the duty of any democratic government to have respect for the other organs of sovereignty: the president of the republic, the Council of the Revolution and the Assembly of the Republic. It is from the understanding among all of them that the balanced operation of the democratic institutions results. When one of the organs of sovereignty, whether it be the president of the republic, the government, the magistracy, the Council of the Revolution or the Assembly of the Republic, absorbs the powers of the others, it imposes itself on them and weakens them; we do not have democracy, we have totalitarianism. It is one imposing upon others, not giving them freedom of opinion or intervention, whether it be a person, a party or an institution.

Pinto Balsemao's problem in this AD [Democratic Alliance] crisis is not with the democrats; it is with those who do not understand democracy, and who were not

even on his side in the National Assembly during the 1970's. Of the so-called liberal deputies, how many are still in AD? Mota Amaral and Pinto Balsemao. Magalhes Mota has already left, and Miller Guerra is a Socialist. Sa Carneiro died. So, of the democrats that Balsemao had in the totalitarian National Assembly, Pinto Balsemao still has one companion; that is not very many. But it is certainly not sufficient for governing democratically, and with a genuine democratic mentality.

The contradictions which have resulted from the internal battles, and the effort of those doing everything to return to the past, as if the people had given them a mandate as dictators instead of democratic rulers, have shown the country the internal conflicts in an unnatural alliance, the catchall, in which there appear to us the old-style liberal, the one to whom all democracy is summarized in freedom of speech and little else (and that often cleverly manipulated through economic power), the democrat on the opposition for years, including some of resistance, the newly arrived democrat and the totalitarian still not convinced that he has lost the game forever. There are democrats in the three parties of the government alliance, but it seems to us that the most democratic party, in totum, is that of the Popular Monarchists, who are more concerned about the poetry of the meadows and streams than about the moldiness and moths of titles, the mantles and crowns. Isn't that a fact?

The Portuguese people voted for the Democratic Alliance. The election was democratic, and the government cannot be denied the legitimacy that it has to hold power. Furthermore, it has not only the right, but also the obligation to govern. In two consecutive elections the majority was from the right, the right which is governing. If that were not so, the right could justifiably complain that the legitimacy of its power was being taken away from it. We are well aware that there is the expedient of new elections and the president of the republic can dissolve the Assembly of the Republic. He should not do so, nor could democratic parties desire it, because that would contribute henceforth to the discrediting of the democratic system. It would be cooperating with the right, the reactionaries, the enemies of the parliamentary system, giving the people the impression that stability is impossible under democracy. Within a period of slightly over 1 year we have had four elections. This has made the people weary, spread distrust among them and created a propitious atmosphere for the propaganda of the so-called strong regimes, the very ones which do not govern either with the people or according to the will of the people, but only for the interests of one class or a few powerful individuals.

Is this a difficult political situation for Portugal? Without question. It has resulted from the lack of maturity in our democratic system. For that very reason, we cannot cooperate with those who want to destroy that same system. There are some in the Assembly of the Republic itself who are acting in that way. A letter from Prof Henrique de Barros published a few days ago warned us against this grave danger. The indiscriminate attacks on the deputies are the defense of a regime without parliament, or at least with an assembly obedient to the wishes of the master. The boring repetition of elections would have the same effect on the people.

The true democrat is such before being a Socialist, Social Democrat, Christian Democrat or Communist. The bond that must unite us all is democracy, and for this we must primarily defend the democratic governing system, the democratic state.



We realize that the right wing governments could represent a threat to democracy, but not so long as they have to implement the Constitution. And they cannot disregard it (as was the plan of the right, by combining the legislative and presidential elections) so long as the other organs of sovereignty do not renege on their obligations. In a democracy, the majority governs, although it cannot impose itself. Upholding the results of the elections only when they suit us, on the left or right, is not being a democrat; it is engaging in totalitarianism.

Will the right be able to govern for the 3 years remaining to it along the path that it has taken, and with those traveling to the brink? It does not seem possible to us. But it is the government alliance which must say so, so that the people may know whom they trusted and should not have trusted.

For weeks, things have been going very badly, with each one pulling in his own direction. We think that the alliance of the Portuguese right, rather than consisting of three political parties, is made up of masses of politicians and voters with different mental and civic molds. There are democrats in all the parties, but there are non-democrats and others who are overtly totalitarian in all of them. The alliance will have to clarify the situation within each party before it clarifies the government's position. The democrats within each of the parties have something to say.

So long as this clarification is not given, obviously the heavy entity comprising the alliance of the right will continue to stretch until it is ragged. As a politician of the First Republic remarked on one occasion: "Don't touch it; it will reveal itself!"

2909

CSO: 3101/99

## SOVIETS ALLEGED TO EMPHASIZE IMPORTANCE OF AZORES TO NATO

Ponta Delgada CORREIO DOS ACORES in Portuguese 22 Jul 81 p 1

[Text] The negotiations recently rumored regarding increased utilization of the base at Lajes by the United States of America have been the target of frequent attention in Moscow.

As our newspaper has been able to ascertain, Soviet Union information agencies have been heavily attacking the strategic position of the Azores and especially the base at Lajes.

According to the Moscow correspondent of a Portuguese newspaper, two major newspapers in the Soviet capital published basic articles on Portugal's role in the North Atlantic Treaty, with emphasis on use of the Lajes base.

SOVETSKAYA ROSSIYA, the organ of the Council of Ministers of the Russian Federation, recalls that the Lajes base "several times already served as a stop-over for American troops and war materiel for some of the hot spots on the planet."

It was from that base--the influential Soviet journal emphasizes--that the United States supplied weapons to Israel during the 1973 Israeli-Arab conflict.

The Lajes base--continues SOVETSKAYA ROSSIYA--today is of very special importance as a refueling station for aircraft supporting the American Rapid Deployment Forces and the Reagan administration has earmarked more than \$51 million for its expansion and modernization, in other words, more than 10 percent of the total allocated in the American military budget to similar works projects at bases in the Atlantic, Pacific, and Indian Ocean.

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United States Already Proposed \$60 Million to Portugal

The newspaper DO ESTRANGEIRO, organ of the Union of Journalists of the USSR, added that "the United States is profoundly interested in renewing the base lease contract which is due to expire in 1983, in which connection the Reagan administration has already proposed to Portugal a loan of \$60 million on advantageous terms, intended for the purchase of military equipment, \$20 million for economic development purposes, and \$2.2 million for Portuguese military training in the United States."

The articles in these two newspapers also mention the interest of the United States in the creation of a base at Porto Santo, a topic which, according to the TASS [Telegraph Agency of the Soviet Union] in Lisbon, has been the subject of secret negotiations between foreign policy officials of both countries; according to the IZVESTIYA correspondent, this idea has already met with official approval by the regional government of Madeira.

5058

CSC: 3101/98

## FOREIGN MINISTRY OFFICIAL ON RELATIONS WITH BRITAIN, UNITED STATES, FRANCE

Barcelona LA VANGUARDIA in Spanish 28 Jul 81 p 10

[Interview with Foreign Affairs Secretary of State Carlos Robles Piquer by Mary Merida; date and place not specified]

[Text] Foreign Affairs Secretary of State Mr Carlos Robles Piquer said the following about the political and diplomatic problem that arose when his majesty the king declined to attend the wedding of the Prince of Wales because the couple's honeymoon trip was to begin in Gibraltar and that was regarded by both the Spanish and British press as an unfortunate incident attributable as much to the poor timing and lack of tact of the Foreign Office as to the weak persuasiveness of the Spanish Foreign Affairs Ministry: "No, I don't think that's the case. As soon as we found out that the heirs to the British throne were going to visit Gibraltar, we reacted swiftly and hastened to express our displeasure over the decision and to inform those responsible for it of the poor reception that it was going to get in our country. It seems, however, that they had already made a number of commitments, even to the people of Gibraltar themselves, to have Prince Charles and his wife Diana stop off there, commitments that they claimed they could not rescind. Therefore, I don't think that we were ineffective or unpersuasive."

[Question] What is your assessment of this contretemps?

[Answer] The incident speaks for itself. I see it as an obvious mistake by the British, and I don't know why they didn't realize that a visit by the heir to the throne to Gibraltar would cause tremendous displeasure in Spain and trigger an immediate and patriotic reaction, first of all from the king, Juan Carlos, whose fine gesture in placing the reason of State before any other was fully shared by the administration and by our politicians, who regard Britain's action as a real snub to our country, especially when we take into account that the personal relations between the two royal families are excellent.

[Question] What do you think the outcome of this incident might be? Don't you think that we have missed the chance to establish closer contacts and relations at the highest level at this delicate and difficult moment?

[Answer] There is not the slightest doubt that the Spanish Government wants to maintain good relations with England, but obviously these things always leave a bad taste in one's mouth. Nevertheless, except for this specific incident, relations so far with them have been cordial and commendable, and I would like to think that however regrettable this incident might have been, there is no reason for it to be an obstacle to keeping up everything that could advance our national interests.

[Question] But since they are the ones who feel snubbed, even though they have not properly gauged Spain's feelings about the Gibraltar problem, don't you think that their relations with us could cool significantly?

[Answer] I couldn't answer that; that would be up to the British Government itself. I sincerely believe, however, that they don't want to turn this incident into an obstacle to good relations between our countries either.

[Question] On a diplomatic level, how have the British justified their stand?

[Answer] As a private, not a State trip. But that is not reason enough, because the presence of the British crown in the last colony in Europe arouses our natural anticolonialist sentiments.

#### Foreign Policy

[Question] It seems, Mr Robles Piquer, that things have not been going too well for us lately overseas. We have problems with France because of its refusal to comply with the extraditions that the Spanish Government has requested; then there is the slow pace of and hurdles to our entry into the EEC, and now this incident with England. What is really going on with our foreign policy? Is its strategy missing the mark?

[Answer] Look, we Spaniards have a tragic sense of life, and when some problem or difficulty arises, we think right away that things are going poorly. Foreign policy is very complicated, and now we have a circumstantial incident with England and an in-depth problem with France, but I do not at all think that any of these problems, which are, of course, very bothersome, represents a defeat for Spain's foreign policy. Far from it. I think that our policy is doing fine and that there are no insoluble problems. We are trying to see to it that our efforts overseas are increasingly effective, have more of an impact and yield better results.

[Question] How does the specific issue of the extraditions from France stand?



[Answer] I think that we have expressed ourselves with the utmost clarity and forcefulness on this matter. That we are in the right has even been demonstrated by the French courts themselves, because they have backed Spain's request. We hope that this matter is eventually resolved in the proper manner. For our part, we are doing everything we can to this end.

[Question] And what about the provocative approach that French farmers are taking with our freight carriers?

[Answer] This is an economic problem of rivalry between producers, and I see it as a lack of supervision and, of course, control, on the part of the French authorities. But this matter has nothing to do with the extraditions issue.

#### Negotiations with the United States

[Question] How are negotiations coming along with the United States for the renewal of our treaties with them, since you are the head of this delegation?

[Answer] I am, in fact, handling this matter directly, in accordance with the government's instructions, and therefore, as is to be expected, I am concerned about how they are developing and how they will turn out. For the moment there is no reason to be worried. Spain's pact with the United States expires, as you know, this 21 September, and what we have to find out now is whether or not these agreements will be renewed. What doubt can there be that relations with a first-line power like the United States are very important to Spain. I am optimistic and I think that we can hammer out a new treaty with them, but for the time being we are only in the negotiation process. What we need to know now is whether we will hammer out that pact or not.

[Question] Do you also feel optimistic about the negotiations for our entry into the EEC?

[Answer] Interests are at stake here, and every country is defending its own interests. In times of crisis interests take precedence over enthusiasm. But just because the negotiations are slow is no reason to become alarmed and lose hope. In this sense too I think that our foreign policy is turning out to be effective. The fact of the matter is that it takes a lot to be a full member of Western Europe, and this requires a great deal of patience, flexibility, tenacity and even toughness. But I think that that is how we are proceeding. Furthermore, we have to remember that it took the British 11 years to sign the community membership agreement and the Greeks, 5 years, while we have been negotiating for only a little more than 2 years. So, there is no reason to get discouraged.

## Changes in the Embassies

[Question] Mr Robles Piquer, what political significance is there to the appointment of seven new ambassadors at the latest Council of Ministers? Is this an attempt to pursue a new policy line in our foreign strategy?

[Answer] The appointment of eight ambassadors and two directors general is an unquestionably political action that reflects the will of the administration and, in particular, of its foreign affairs minister. In this instance, Mr Perez Llorca's absence on official trips from two successive councils has brought about an unusual concentration of appointments. In the end, such replacements are normal in public life and serve to inject new ideas and new blood in posts that are unquestionably delicate and that need periodic turnover.

8743

CSO: 3110/136

## PSOE'S GONZALEZ WARNS UCD AGAINST CAMPAIGN OF INNUENDOES

Madrid EL PAIS in Spanish 15 Aug 81 p 11

[Article by Joaquina Prades]

[Text] Felipe Gonzalez, the secretary general of the PSOE [Spanish Socialist Workers Party], yesterday sent a letter to Prime Minister Leopoldo Calvo Sotelo expressing his opinion of the internal UCD [Democratic Center Union] newsletter that alleged that the PSOE and the CPSU had signed pacts in December 1977 whereby, among other things, the Socialists pledged to oppose Spain's membership in NATO in exchange for "specific support from the Soviet Union for the PSOE so that it could come to power in Spain as soon as possible."

Felipe Gonzalez was so indignant over the UCD newsletter that yesterday at a press conference in Madrid he did not hesitate to brand its authors "deliberate liars" and warned that his party has already begun a legal inquiry into the criminal liabilities that could stem from its publication, adding that if the administration continues this course of conduct, "the consensus will be seriously threatened."

The conflict between the UCD and PSOE over these alleged pacts arose 3 days ago when the people in charge of internal UCD information decided to insert in a newsletter for party members and leaders a news item from the magazine CARTA DEL ESTE, which has a very limited circulation and is financed (Gonzalez underscored at the press conference) by "the U.S. services that also subsidize Radio Liberty and other similar propaganda media." Felipe Gonzalez is angry because this item was published in issue one of CARTA DEL ESTE, 16 February 1978, and, in his judgment, is totally untrue.

In point of fact, the magazine's front page contains a news item with a Moscow dateline and no signature ("private correspondence" are the only words that appear), in connection with the secret pacts. According to the aforementioned pamphlet, the pacts were allegedly signed in December 1975 during Felipe Gonzalez's visit to the Soviet Union, and the individual who wrote up the news item cites as sources of information "rumors that have been persistently going around in the Soviet capital, specifically among the small colony of Spaniards." The fact that the UCD reprinted such a questionable (in the PSOE's judgment) news item and, above all, its timing in doing so roused the indignation of the PSOE secretary general, who interrupted his

summer vacation expressly to voice his view that what is involved are "insults, slander and libel by a group of liars."

This group of liars, "whoever they are, and the PSOE will ascertain the identity of everyone involved in this ploy, is already "totally discredited" in the eyes of Felipe Gonzalez, who added categorically: "These individuals do not exist politically as far as I am concerned. Therefore, I will never take part in any talk, pact or negotiation in which they are involved."

Felipe Gonzalez expressed particular surprise over how the incident developed: "The first time that these pacts were mentioned was during a seminar on Spain and NATO," he said. "On that occasion," he continued, "a certain frivolous UCD figure mentioned them. That was last 11 July, when the entire process of autonomy negotiations with the government was under way. I told Calvo Sotelo at the time that we would break off relations immediately if the administration allowed such lies in its party." Felipe Gonzalez went on to say that the campaign ceased immediately. Nevertheless, just a few days after the signing of the UCD-PSOE agreements on autonomy, the item was published in the UCD newsletter.

"I don't know whether they're starting to break off relations between us and them to begin a dirty war. I know a lot of things about the UCD that I have so far not made public, nor do I plan to do so, because that's not my political style. What I really don't understand is how the government, if it really thinks that we have compromised Spain's sovereignty by entering into agreements with the USSR, has dared to sign the autonomy pacts. I, of course, would be incapable of sitting down at the same table with individuals with ethical standards like that. But that's what they've done. Couldn't it be," Gonzalez asked, "that the government knows that all of this is a lie? And in that case, why did they publish it?"

The answer is clear to the Socialist leader: it coincides with the PSOE's announcement that it was starting a campaign against Spain's membership in NATO and calling for a public debate and a referendum. "There's the key to their lies," he said, "because this has made them very nervous." He went on to say, however, that two other factors have prompted the government party's course of action: "The UCD couldn't stand it if we held our congress in October amid complete calm, and they are trying to sow confusion in our midst." The other factor is of greater political consequence: "They can't accept that the latest polls and surveys show popular support for the PSOE way up. And they can't accept that it is because of our political competence and responsibility, and that's why they have to launch virulent campaigns."

Gonzalez went on to say: "The most reprehensible thing in my view is that they have chosen to engage in libel precisely at a time when the Far Right is launching another virulent campaign against political parties and democracy. And right when the trial proceedings of the 23-F are being leaked out, which is when we should show public opinion that we are more united than ever, it turns out that people from the UCD's own congressional group are playing into the hands of the Far Right coup-advocates."

Therefore, in his opinion, "the government must cut short this low-class confrontation, which is basically and seriously jeopardizing the stability of our democracy," inasmuch as the continuation of the consensus reached by Spain's two major congressional parties in the wake of Tejero's unsuccessful coup "will be seriously threatened if the government does not decide to put a permanent end to these dirty political methods."

He also termed "absolutely untrue" the reports recently transmitted by "a leading centrist figure" to EUROPA PRESS about other PSOE pacts, this time with the UCD, involving the establishment of private television networks in our country.

8743

CSO: 3110/136



## GENERAL STRESSES MUTUAL MODERATION, RESPECT

Barcelona LA VANGUARDIA in Spanish 5 Aug 81 p 10

[Text] Las Palmas, Canary Islands, 4 Aug--In his speech at the swearing in of the military governor of Las Palmas, Gen Ricardo Rivas Nadal, the captain general of the Canary Islands, Lt Gen Jesus Gonzalez del Yerro, today stressed the unity that currently exists between the Armed Forces and society.

As an example of this unity, "which is alive and extends throughout Spain," Lieutenant General del Yerro cited the Armed Forces Days held this year in Barcelona and last year in Valencia and the homages to the flag offered in the Canaries in recent months.

"This people," the captain general of the Canaries added, "in whom the national sovereignty resides and from whom the powers of the State emanate, according to Article 1 of our constitution, joins its Armed Forces whenever the occasion presents itself because the Armed Forces preserve the values of our common homeland and represent its unity above and beyond the various political choices."

Lt Gen Gonzalez del Yerro went on to say that "amid the tumult in today's world and in our country too, it would seem elementarily prudent to preserve existing values, above and beyond one's own convictions, until other new values emerge that can serve as effective guidelines for human existence."

After pointing out that every society needs a guiding principle, a common ideal to channel and integrate all of the individual efforts of its components, the captain general of the Canary Islands quoted the words recently spoken by his majesty the king at the General Military Academy of Zaragoza: "It is a shame that men, groups or movements often fail to unite, above and beyond peripheral matters, around fundamental ideas and principles that could be the basis for an accord that would be to the country's advantage."

The captain general of the Canaries referred once again to the unity that exists between the Armed Forces and society, which, in his judgment, obviously reflects its trust in the Armed Forces.

He said that the multitudes that have rendered homage to the Armed Forces throughout Spain "feel united with them and trust them, their conduct, their actions both now and in the future. This clear-cut trust contrasts with campaigns that we can only regret."

He concluded his speech by saying that "perhaps now is the time to recall that the same philosophy of reform that has characterized the transition and our respect for the dignity of the individual oblige us to reject the actions and campaigns aimed at discrediting recent periods and figures in our history which, as far as the military is concerned, are part of our glorious military tradition. Respect for both is and will be the foundation for indispensable harmony to prevail, so that we can work shoulder to shoulder to make our homeland great."

The new military governor of the province of Las Palmas, Maj Gen Ricardo Rivas Nadal, had previously made remarks in which he recalled that he had formerly been connected with this province's garrison through prior posts.

"In this troubled era in which we live, I think that the solution to problems lies in work, work and more work with immense faith. And for those of us in the military, this translates into strict observance of our ordinances."

He concluded his remarks by stating that the permanent standard for military conduct can be defined in a single word, "loyalty." "Remain always in service to Spain and to its king with unity, loyalty and discipline."

The ceremony was attended by leading civilian authorities and the chairman of the Canary Islands Board, Fernando Bergasa. (EFE)

8743

CSO: 3110/136

## AGENCIES COOPERATE TO CREATE EMERGENCY RADIO WARNING

Copenhagen INFORMATION in Danish 31 Jul 81 p 5

[Text] The Civil Defense, the police, the Environmental Agency and Danish Radio are setting up a catastrophe alarm system.

The Civil Defense Agency, the police, Danish Radio and the Environmental Agency have cooperated in setting up an alarm system for the Danish public "in case of extensive catastrophes or crisis situations."

The alarm will be given by having alarm sirens in urban areas give three 12-second blasts with 12-second pauses between each blast.

This signal is to alert people to go indoors and listen to Danish Radio on the FM band where more detailed information and instructions will be given on Programs 1, 2 and 3. During TV broadcasting hours information will also be given on TV.

The new alarm system is part of preparations to deal with an accident at the Barseback nuclear power plant on the Oresund.

The alarm can also be used when military forces or the Civil Defense want to alarm personnel in "extraordinary situations."

There are Civil Defense sirens in all large towns where they are tested each Wednesday at noon.

In rural areas the public can be given the alarm via police cars equipped with loudspeakers.

Instructions on the new alarm signal will be printed in telephone books, street guides, etc.

"Therefore if in the future you hear a siren signal consisting of three blasts lasting 12 seconds apiece with a pause of 12 seconds between blasts--repeated after 1 minute--you should go indoors immediately and listen to the radio where more detailed information and instructions will be provided," an announcement from the Civil Defense Agency reads.

## Extreme Accidents

As part of the preparations against a nuclear power accident at the Barseback plant the new alarm signal will be used "if the protective measure of going indoors is to be put into effect following an extreme accident accompanied by dispersal of large quantities of radioactive material," the announcement says.

The news and current events section of Danish Radio has advertised a journalistic post with permanent work hours in the period 2100-0600 hours to man the new alarm setup.

6578

CSO: 3106/159

## ENGINEER CITES SIREN SHORTAGE IN CIVIL DEFENSE SYSTEM

Copenhagen BERLINGSKE TIDENDE in Danish 8 Aug 81 p 7

[Article by Kirsten Sorrig]

[Text] There are only 670 sirens in Denmark although at least 10,000 are needed to warn the people of the entire country in the event of war or catastrophe.

Many of the 670 are old and so "wheezy" that their condition can hardly be called acceptable.

"I think the condition of the sirens is beneath contempt. They are outdated and get worse and worse for each day that passes," said engineer Hans Schmidt of Scandinavian Audiotechnology. At the request of the Civil Defense Agency the firm calculated how many sirens are needed to give Denmark a nationwide warning system.

"At least 10,000 sirens are needed to make all the public feel secure. They must be louder than the present ones and of course they must be able to operate during a power outage," said Hans Schmidt.

The administrative head of the Civil Defense Agency, Lauritz Hvidt, confirmed the figures and told BERLINGSKE TIDENDE:

"But we also have more than 1600 mobile sirens at our disposal which could be used in an emergency and police cars with loudspeakers can also give the alarm."

But it can take up to a full day to start the gasoline-powered mobile sirens and police cars with loudspeakers operate very slowly.

"Both the mobile sirens, mainly used in wartime, and the police loudspeaker cars which are used in peacetime are beneath contempt," said parish priest Poul B. Nielsen, section chief of Civil Defense. "The sirens must first be taken out of their hiding places and besides they are of very poor quality. Whenever there is enough money for a new warning system they will be eliminated altogether. Loudspeaker vans can be used with reasonably good results in very densely-populated areas but they are no good for helping people in the suburbs and small towns when they need help the most," he said.

6578

CSO: 3106/159



## COMMENTATOR DEFENDS MILITARY BUDGET CUTS

DW251033 Munich SUEDEUTSCHE ZEITUNG in German 25 Aug 81 p 4

[Commentary signed Sza.: "Awkward Maneuver Situation"]

[Text] When a year ago Belgium had to cancel on short notice the participation of its troops stationed in the FRG in NATO's fall maneuvers, it suddenly assumed the role of bad boy in the Atlantic Alliance. In this country, too, there were voices from the government and all kinds of parties, charging the small kingdom with violating its duties, while simultaneously praising--not without some arrogance--the exemplary behavior of the Germans.

Nobody even dreamed at that time that the Bundeswehr could so quickly get in to a similarly awkward situation. At that time Jimmy Carter was still ruling in Washington, and the exchange rate of the dollar was an issue discussed, if at all, by currency experts. The situation changed the day it became clear that Ronald Reagan would enter the White House. Since then the rise of the dollar has increasingly become more of a burden for the German military budget because low altitude flying, for example, was shifted to the United States and Canada after loud complaints by the local public about noise. This export of noise must be paid for in dollars.

The benefit of large-scale maneuvers has been disputed for a long time. Army Inspector Hans Poeppel--and he ought to know--shares the reservations. The Warsaw Pact has its leadership staffs, which have to do the main work in large-scale maneuvers, perform the exercises with small contingents of "demonstration troops." The complicated thing about today's maneuver situation of the Bundeswehr is that cuts in large-scale maneuvers do not serve the desired intensification of infantry training at the familiar training field, and the cuts must be made to help offset losses created by the exchange rate of the dollar. In order to forestall harsh words from Caspar Weinberger, Bonn must hurry to explain the situation to Washington.

CSO: 3103/416

## BRIEFS

GDR PREMILITARY TRAINING CONDEMNED--Obligatory, systematic military lecturing was introduced 3 years ago at general education schools in the GDR, although the penetration of the entire education system of the GDR with "socialist military education" goes back much farther. It was, therefore, hardly a surprise when the East Berlin People's Education Ministry instructed the extended secondary schools to increase the quality of premilitary training and hold compulsory 12-day summer camps during summer vacations to pass along "ability and skill for the career of a motorized rifleman in the National People's Army." It was no accident either that this was issued at the World Church Council meeting in Dresden a few days prior to the beginning of the school year. Churches had protested strongly but in vain in 1978 against military instruction to 15 and 16-year olds. It was not "first aid" or "catastrophe prevention" training, as it was said before. The issues were: "military professions," "discipline" and even "heroism," as could be gathered from the instruction book appearing soon thereafter. What the extended secondary schools of the GDR are intending to do should be discussed at the numerous "peace weeks" taking place at present in FRG schools. [Text] [Commentary signed Me.: "Pre-Military"] [DW271407 Frankfurt FRANKFURTER ALLGEMEINE in German 27 Aug 81 p 10]

CSO: 3103/416

## SVALBARD SEEN BECOMING GREATER INTERNATIONAL ISSUE

## Polar Affairs Ministry Urged

Oslo AFTENPOSTEN in Norwegian 4 Aug 81 p 4

[Article by Aashild Sorheim Erlandsen, "The Arctic Probably Conceals Enormous Oil Deposits"]

[Text] Svalbard, 3 August. "Svalbard and the northern reaches of the oceans will probably develop into one of the most important questions in international economics and politics during the next decade," says institute leader Willy Ostreng of the Fridtjof Nansen Foundation at Polhogda in Oslo to AFTENPOSTEN. "There are probably enormous amounts of oil in the Arctic," he continued, "and Norway should have an Arctic research policy to prevent us from being taken by surprise. I believe that during the 1990's we shall establish a separate Polar Affairs ministry. We should already have had a state secretary for polar matters, and the polar section in the Ministry of Justice should have been directly subordinate to the premier."

Ostreng is among those who will present papers at the conference on arctic technology, arranged by the Trondheim University. The conference will begin in Svalbard Tuesday.

"Despite the fact that Svalbard is part of the Kingdom of Norway, just like Hedemark and Gudbrandsdalen, industry people in Svalbard must have knowledge of foreign policy and security questions. This is necessary in consideration of relations between Norway and the Soviet Union, and in addition it is necessary for carrying on rational economic activities. Trifles easily become foreign policy in Svalbard," says Ostreng.

Ostreng refers to the fact that Svalbard was called "an immediate foreign policy concern" in the government's long range program for 1978-1981. "It is very interesting that an indisputable part of the Kingdom of Norway is called a foreign policy matter," Ostreng points out.

In Ostreng's opinion, the Soviet Union wishes to safeguard three interests in particular in Svalbard: economic, scientific, and security policy interests.

The political interest is clearly most important. In it the Soviet Union has a purpose in its presence: to make sure that nothing develops in the archipelago that might threaten Soviet security interests in the North.

What, then, is there about the Soviet Union's three purposes in Svalbard that makes it necessary for industry to be informed? The matter of the Soviet wives, for example, illustrates this, says Ostreng. Here, a trifling thing such as whether the Russians stationed at the Longyearbyen Airport were to be allowed to bring in their families became a foreign policy issue. The same applied to the Caltex case, in which the Soviet oil company Arktikugol had to be granted the same right as Caltex to obtain oil concessions on the basis alone of using aerial photos as proof of discovery. The Industry Ministry had to finally acknowledge that it was no longer a matter of geology but of politics, says Ostreng.

"Many researchers ask why they have to worry about politics when they are here solely to take soil samples, for example."

"The day they are working in the field and Soviet helicopters land and ask them what they are doing they must know why they [the researchers] have come and how they are to respond. Some scientists have seen the Russians keenly interested in keeping up with research activities of other nations. The Russians have always been better equipped than the Norwegians with helicopters and other means of transport."

"When activities as important as conferences of this kind are under way it is ridiculous that we have to depend upon a Dutch ship, as is the case now. Such efforts should have the support of Norwegian authorities," says Ostreng.

"We should have an Arctic research policy that attempts to reduce harm to the ecology. We are faced with a new era, not only in Svalbard but in the Arctic generally. There are probably enormous amounts of oil in the Arctic. We know that oil pollution is a greater problem in the Arctic because bacteriological decomposition acts more slowly there than in southern climes. We now have a unique historical chance of getting ahead of the problem by being prepared, instead of 'putting out fires' as we have thus far."

"Awareness of Svalbard is lacking when so prominent a scientist as Professor Olaf I. Ronning, who took the initiative for the conference, must use most of his working time for training people for knowledgeable treatment of Svalbard, while botany, his real profession, is neglected," says Willy Ostreng.

"We must not force serious scientists to spend their spare time in the interval between other research tasks to carry out less important projects dealing with pollution problems. This was the case with the oil pollution project in Svalbard and the waste decomposition project, both of which had their application for funds rejected. Only the Soviet Union demonstrates a genuine Arctic awareness."

"Even though we now have the polar section of the Justice Ministry as a coordinating organ, I believe the polar administration will be expanded in the 1980's and 1990's. We need long range planning, people who are paid to think ahead. In my opinion the polar section should be directly subordinate to the premier, in the

first place to indicate that polar areas have political importance superior to that of other ministries, and also because in that way some confrontations between ministries could have been avoided. I believe that during the 1990's a separate polar ministry will be established, and we should already have had a state secretary for such matters," says Ostreng.

"Svalbard and the northern ocean areas will, in the course of the next decade, probably develop into one of the most important spheres in international economics and politics. There is hardly an ocean area more frequented by warships, and it is an area from which Soviet nuclear submarines can reach North America, Western Europe, and China with their missiles. The Barents Sea forms a boundary between Norway and the Soviet Union, thereby being a border between the East and the West as well. The problem is that though it is a border sea, it has proved impossible to resolve a single one of the border problems. To us, preservation of tranquility in the area is of overriding importance, and this requires settlement of the remaining border problems, says Ostreng.

#### International Interest in Oil Search

Oslo AFTENPOSTEN in Norwegian 7 Aug 81 p 32

[Article by Aashild Sorheim Erlandsen: "We May Lose Control of Developments"]

[Text] Svalbard, 6 August. Chances of controlling developments if oil or gas is discovered on the continental shelf near Svalbard are very slight, in the opinion of Professor Olaf I. Ronning. "In general, it must be said that nations which wish to start drilling for oil in the Barents Sea are free to do so. This is known to all industrialized countries today, and interest in the areas around Svalbard is therefore increasing," asserted Professor Ronning in his speech "Svalbard in Year 2000" at the conference on Arctic Technology, being arranged by the Trondheim University.

"The three Soviet drilling vessels, intended for work in Arctic regions, one of which is, so to speak, in the process of being delivered by Finland, may become the factor that starts a development we shall be unable to control and can only go along with. I also believe that the big European countries such as France and West Germany will do the same. The likelihood that it is the Barents Sea the Russians have in mind with respect to these vessels is very great," Ronning went on to say.

It should surprise no one if exploration for oil in the northern Barents Sea begins within a few years with drilling from ships, thinks Ronning. Ronning has been chairman of the SINTEF [Society for Industrial and Technical Research] committee, which has prepared a program for technical and ecological research in the Arctic.

SINTEF and Trondheim University are much involved in the guesses and speculations made about future developments in Svalbard. In his lecture, Professor Ronning sketched four conceivable lines of development:

The first of these involves no particular development in addition to present activities.



The second line presupposes a steady development of coal production, for example by initiating production at Svea, where one million tons of coal have been indicated. This would involve building better housing and roads and increased tourism.

The third conceivable line of development involves increased international oil and gas exploration or test drilling. Several bases are established and there will be more of what Ronning calls "on the spot activity" for the purpose of acquiring expertise, local knowledge and experience in connection with traffic across the Arctic Ocean.

The fourth conceivable possibility reckons with exploitable discoveries of oil and gas. This will involve organization, planning and landing [of gas or oil], and bases, establishment and planning of a transport system.

In Ronning's opinion, a road from Longyearbyen to Svea is so great a need that the demand cannot be resisted. He also indicated the possibility of bases in Agardh Bay, Varbukta, or Berzelius Valley and Ny Alesund to serve the traffic across the Arctic Ocean.

"Such development cannot take place without problems, of course. Without being a prophet one could say that a gas pipeline through Spitsbergen National Park would be controversial, because, among other things, there are many concessions in the area. And by controversial issue I mean both political and international ones." Ronning stressed that such sketches of developments must, if they are to become reality, include technical solutions, and that both management and administrative responsibilities will be involved.

As concerns the technology, Eiliv Sodahl, assistant director of SINTEF, asserted in his speech that it will probably be a matter exclusively of technology already known. This question will probably be a subject of debate later during the conference. As concerns management responsibility, this is a matter of control, safety, health, prevention of oil spills, protection of the environment and cultural remnants.

The administrative responsibility involves personnel with technical, juridical, and political knowledge of Svalbard and the Arctic, police, an apparatus for approval of plans, development of laws and regulations, the infrastructure, etc, said Professor Ronning.

Ronning expected the area of collisions to be nature reserves and national parks, regard for the State's wishes concerning the development, as well as the anticipated international milieu.

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